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CITY COUNCIL REPORT

SUBJECT: **Template Development Agreement for Properties within the Village 1 Specific Plan Area**

SUBMITTED BY: **Matthew J. Wheeler, CDD Director**

DEPARTMENT: **Community Development**

DATE: **September 13, 2016**

STRATEGIC RELEVANCE: **Economic Development and Infrastructure**

STAFF RECOMMENDATION(S):

Staff recommends the City Council review the Template Development Agreement for Properties within the Village 1 Specific Plan Area, and;

1. Consider the information contained in the Template Development Agreement document;
2. Provide comments to staff
3. Approve the FORM of the Template Development Agreement document for subsequent use by developers within the Village 1 Specific Plan Area when negotiating a development agreement with the City.

BACKGROUND / INTRODUCTION:

The Village 1 Specific Plan Area (V1SPA) is approximately 1,832 acres in size and is located east of the current City limits along Highway 193, within the City's Sphere of Influence. The village boundaries were established by the City's adopted 2050 General Plan. It is generally bounded by Virginiatown Road to the north, existing City Limits to the west, existing City Limits (along the Twelve Bridges Specific Plan Area) to the south, and traverses between private property boundaries near Sierra College Blvd and Stardust Lane to the east. Auburn Ravine crosses through Village 1 along the northern portion of the plan area. The Village 1 Specific Plan, Environmental Impact Report, and General Development Plan were adopted by the Lincoln City Council in December 2012. Approximately 1,712 acres of the V1SPA was recently approved for annexation into the City Limits by the Placer County Local Agency Formation Commission (LAFCO), and annexation is expected to be complete (effective) by August 15th, 2016.

The existing V1SPA consists of 59 parcels of varying size with numerous property owners and varying uses. The Specific Plan identifies an integrated, multi-faceted community area with a central core that gradually transitions to lower density development toward the edges of the plan area and rural (county) interface. The Village 1 Specific Plan, General Development Plan, and associated infrastructure master plan documents detail the location and sizing of all backbone infrastructure necessary to support development of the plan, consistent with the City's adopted General Plan. The Village 1 Specific Plan and General Development Plan documents also identify the development character, amenities, street sections, and trails which will be developed as part of the infrastructure obligations of the V1SPA.

The Village 1 Stakeholders Group consists of the active property owners/developers within the V1SPA who have been involved in preparation (and funding) of the Specific Plan, General Development Plan, Environmental Impact Report (EIR), Annexation efforts, and associated documents/efforts necessary to implement development of the plan. The Village 1 Stakeholders Group has been working with City staff and consultants to prepare the Infrastructure Finance Plan for adoption and implementation by the City of Lincoln.

The Village 1 Specific Plan and General Development Plan were crafted using the "village concept" as described in Section 4.4 of the City's General Plan. The village concept is intended to ensure that new developments meet the quality and mix of land uses desired by the City. As such, large land area planning over the Village 1 properties requires multiple land owners to work together to formulate land planning concepts and character for implementation of the specific plan development, similar to a master-developer. Construction and delivery of major backbone infrastructure and plan amenities must also be performed by a multitude of property owners/developers in a manner similar to a master developer.

Each developer within the Village 1 Specific Plan Area (V1SPA) must enter into a Development Agreement with the City (a requirement of the Specific Plan document) as part of entitlement applications for projects. The purpose of the Village 1 Infrastructure Finance Plan is to detail the means and methods proposed by the Village 1 plan area property owners to work together for delivery of the necessary backbone infrastructure and amenities required of the Specific Plan. The Village 1 Infrastructure Finance Plan details the requirements, timing, and mechanisms for developers within the V1SPA to share the costs and construction of the backbone infrastructure necessary to implement the Village 1 development projects. In addition, the Infrastructure Finance Plan provides support, reinforcement and regulation to the Village 1 Specific Plan and General Development Plan. The Village 1 Infrastructure Finance Plan will be a major component of the individual Development Agreements between the City and developers, which must be negotiated and approved as part of entitlement application processing.

FINDINGS/ANALYSIS:

Property owners/developers wishing to develop properties within the Village 1 Specific Plan Area must adhere to the adopted Village 1 Specific Plan, General Development Plan, Environmental Impact Report, and associated documents. One of the requirements for entitlement/development projects within the V1SPA is to enter into a Development Agreement with the City (a requirement of the specific plan).

The attached Template Development Agreement is intended to provide a uniform framework for property owners/developers and the City to incorporate the V1SPA requirements, terms, and format for individual development agreements. Individual development agreements will incorporate the Village 1 Infrastructure Finance Plan obligations by reference, and all properties developing within the V1SPA will be required to participate in the Village 1 Infrastructure Finance Plan.

This Template Development Agreement is being brought to the Lincoln City Council for review, discussion, and approval as to FORM for use in future individual development agreement negotiations with V1SPA developers.

CONCLUSION:

The attached Template Development Agreement provides a uniform framework for individual development agreements with property owners/developers within the V1SPA. Project specific information will be incorporated into individual development agreements at appropriate sections

using a "track changes" method for ease of identification by Planning Commissioners, City Council Members, and Staff. Each individual development agreement will incorporate the Village 1 Infrastructure Finance Plan obligations by reference.

ALTERNATIVES:

Alternatives for the City Council to consider include:

1. Approve the FORM of the Template Development Agreement for Properties within the Village 1 Specific Plan Area as presented;
2. Approve the FORM of the Template Development Agreement for Properties within the Village 1 Specific Plan Area, with revisions;
3. Provide additional direction to staff.

FISCAL IMPACT:

RELATED ACTIONS:

This item was presented to the Planning Commission on August 17, 2016 at their regularly scheduled meeting as an information item. Planning commissioners were not asked to take action on this item, but were encouraged to provide questions/comments to staff on the contents of the Template Development Agreement.

Planning Commissioners were informed that this item would be heard by the Lincoln City Council for discussion and a request for approval of form.

CITY MANAGER REVIEW OF CONTENT:

APPROVED AS TO LEGAL FORM: LZW

ATTACHMENTS:

1. Template Development Agreement for Properties within Village 1 Specific Plan Area
2. Development Agreement staff report for Planning Commission

ATTACHMENT 1 - Template Development Agreement for Properties within Village 1 Specific Plan Area

DEVELOPMENT AGREEMENT
BY AND BETWEEN
THE CITY OF LINCOLN
AND
_____
RELATIVE TO THE DEVELOPMENT KNOWN AS
THE _____ PROPERTY

This Development Agreement (the "Agreement") is entered into this _____ day of _____, 20__, by and between the CITY OF LINCOLN, a municipal corporation, hereinafter "City," and _____, a _____, hereinafter "Developer," pursuant to California Government Code section 65584 et seq.

Recitals

A. State Authorization. To strengthen the public planning process, encourage private participation in comprehensive planning and reduce the economic risks of development, the Legislature of the State of California adopted Government Code sections 65864 et seq. ("Development Agreement Statute"), which authorizes City to enter into an agreement with any person having a legal or equitable interest in real property regarding the development of such property.

B. City Authorization. Pursuant to Government Code section 65865, City has adopted procedures and requirements for consideration of development agreements which are contained in Lincoln Municipal Code Chapter 18.80. This Development Agreement has been processed, considered and executed in accordance with such procedures and requirements.

C. Property Description. The subject of this Agreement is the development of those certain parcels of land consisting of approximately _____ acres located within the City of Lincoln's Sphere of Influence as depicted on Exhibit "A" and more particularly described in Exhibit "B" (hereinafter the "Property"), attached hereto and incorporated herein by reference.

D. Developer's Interest. Developer represents that it has a fee title interest in the Property, and that all other persons holding legal or equitable interests in the Property agree to and shall be bound by this Agreement. The Property is located within the City of Lincoln's limits.

E. Project Description. Developer intends to develop the Property with _____ residential uses; _____ parks, and open space uses, all in accordance with the General Development Plan, as defined below and depicted in Exhibit "C" attached hereto.

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F. Project Background and Approvals.

1. Environmental Impact Report/MMP. On November 27th, 2012, the City Council in Resolution 2012-195 certified as adequate and complete the final EIR (the "EIR") and adopted a Mitigation Monitoring Program (the "MMP") for the Village 1 Specific Plan Project (the "Project"), which includes all entitlements listed in Recital F-2 below. The City Council finds that no further environmental documents relating to this Agreement are necessary in that the terms and conditions of the Project and this Agreement are consistent with and within the scope of the EIR, and that there are no substantial changes in the Project or in the circumstances under which the Project is to be undertaken and that the land use entitlements listed below in Recital F-2 do not involve any new impacts not considered in the EIR. Mitigation measures were identified in the EIR, and the MMP and are incorporated in the Project and in the terms and conditions of this Agreement, as reflected by the findings adopted by the City Council concurrently with this Agreement.

2. Approved Land Use Entitlements. For the Property, the City has approved the following land use entitlements in furtherance of the Project (the "Entitlements"):

(a) A General Plan Amendment for the Property to amend the Land Use Diagram in the City's General Plan as approved by Resolution No. 2013-148, dated July 9th, 2013 (collectively the "General Plan");

(b) A Specific Plan for the Village 1 area adopted by Resolution No. 2012-196 dated November 27th, 2012 (the "Specific Plan");

(c) A General Development Plan for development of the Property adopted by Ordinance No. 873B, dated December 11th, 2012 ("General Development Plan");

(d) A Large Lot Vesting Tentative Parcel Map for the Property adopted by Resolution No. 20__-___, dated _____, 20__ ("Large Lot Map");

(e) A Tentative Subdivision Map for the property adopted by Resolution No. 20__-___, dated _____, 20__ ("Tentative Map"); and

(f) Ordinance No. ___ , dated _____, 20__, adopting this Agreement ("Adopting Ordinance").

G. Consistency with General Plan. Having duly examined and considered this Agreement and having held properly noticed public hearings hereon, the City Council has found and hereby declares this Agreement and the Entitlements to be consistent with the General Plan and Specific Plan.

H. Commitment to the Parties. By entering into this Agreement and relying thereupon, Developer is obtaining a vested right to develop the Project on the Property in accordance with the terms and conditions of this Agreement. City, at the request of Developer, intends to assist Developer in development of the Project and the public improvements, which are a part of the Project, in accordance with the terms of this Agreement. Development of the Project requires a major investment by Developer in public facilities, substantial front-end investment in on-site and off-site improvements, major dedications of land for public purposes and benefit, and substantial commitment of Developer's resources to achieve the public purposes and benefits of the Project for its future residents and for the City. The contributions to the Project to finance public facilities and dedications of land for public benefit are key elements of consideration for City's execution of this Agreement. In addition, this Agreement provides the City with the assurance of implementation of the General Plan and Specific Plan as the Developer proceeds with the development of the Property. City recognizes and has determined that the granting of vested development rights and assurances in a project of this magnitude will assist Developer in undertaking the development of the Project and thereby achieve the public purposes and benefits of the Project. Without said commitments on the part of City, Developer would not enter into this Agreement nor develop the Project.

I. Environmental Mitigation. The parties understand that the EIR was intended to be used in connection with this Agreement and each of the Entitlements listed above. Consistent with the California Environmental Quality Act ("CEQA"), City agrees to use the EIR in connection with the build out of the Project to the maximum extent allowed by law and not to impose on the Project any mitigation measures or other conditions of approval other than those specifically imposed by the Entitlements and the Project's Mitigation and Monitoring Program or required by law. As and when Developer elects to develop the Property, Developer shall be bound by, and shall perform, all mitigation measures contained in the EIR related to such development which are adopted by City and are identified in the EIR and/or MMP as being applicable to the Property. In addition, to the extent consistent with CEQA, the City agrees to use the EIR in connection with the build out of the Project to the maximum extent allowed by law. Specifically, and not to limit the generality of the foregoing, City agrees to consider application of statutory and categorical exemptions afforded by CEQA, including, but not limited to, CEQA Guidelines sections 15182 and 15183, as applicable.

J. Intent of this Agreement. City and Developer desire that the development of the Property pursuant to this Agreement will result in significant benefits to Developer by assurances to Developer that it will have the ability to develop the Property in accordance with the Entitlements.

K. Project Benefits. City and Developer desire that the development of the Project pursuant to this Agreement will result in significant benefits to City and Developer by providing Developer with the ability to develop the Property in accordance with this Agreement and providing assurances to City that the Property will be developed in accordance with the General Plan and Specific Plan. Consistent with this desire, City has determined that the Project presents certain public benefits and opportunities, which are advanced by City and Developer in entering into this Agreement. This Agreement will, among other things, (1) reduce uncertainties in planning and provide for the orderly development of the Project, (2) mitigate many significant environmental impacts, (3) provide long-term infrastructure solutions and public services, (4) strengthen the City's economic base, (5) result in the fair-share funding by Developer of critical new city-wide facilities and other infrastructure improvements required to serve the Project, and (6) provide for and generate substantial revenues for City and otherwise achieve the goals and purposes for which the Development Agreement Statute was enacted.

NOW, THEREFORE, in consideration of the promises, covenants and provisions set forth in this Agreement, the parties agree as follows:

Agreement

ARTICLE I

GENERAL PROVISIONS

1.1 Incorporation of Recitals. The preamble, the Recitals, and all defined terms set forth in both are hereby incorporated into this Agreement as if set forth herein in full. Any reference to a section within this Agreement shall be inclusive of all subsections within that section. By way of example, a reference to Section 2.1 of this Agreement shall incorporate Section 2.1.1, Section 2.1.2, Section 2.1.3, and Section 2.1.4.

1.2 Binding Covenants. The provisions of this Agreement, including the Entitlements, shall constitute covenants which shall run with the Property and the benefits and burdens of this Agreement shall be binding upon and benefit the parties and their successors in interest.

1.3 Defined Terms.

"Administrative Modification" shall have the meaning set forth in Section 1.8(a) of this Agreement.

"Adopting Ordinance" shall have that meaning set forth in Recital F.2 (f) of this Agreement.

"Affiliated Party" shall have the meaning set forth in Section 1.10.3 of this Agreement.

"Agreement" shall mean this Development Agreement and any amendments hereto.

"Amendments" shall have the meaning set forth in Section 1.8 of this Agreement.

"Caltrans" shall mean the State of California Department of Transportation.

"CEQA" shall mean the California Environmental Quality Act and the CEQA Guidelines.

"CFD" shall have the meaning set forth in Section 3.9 of this Agreement.

"City" shall mean the City of Lincoln, California and shall include, unless otherwise provided, any of the City's agencies, departments, officials, employees or consultants.

"City Water Connection Fee" shall have that meaning set forth in Section 3.4.5 of this Agreement.

"Cooperative Agreement" shall have that meaning set forth in Section __ of this Agreement and attached hereto and incorporated herein as Exhibit K of this Agreement. (only relevant to Phase 1 lands, Walk Up, La Bella Rosa, Epick and Lee Leavell)

"Default Notice" shall have that meaning set forth in Section 6.1 of this Agreement.

"Developer" shall have that meaning set forth in the preamble and shall further include, unless otherwise provided, Developer's successors, heirs, assigns, and transferees.

"Developer PFE Credits" shall have the meaning set forth in Section 4.1 of this Agreement.

"Development Impact Fees" or "DIF Fees" mean the monetary consideration, other than a tax or assessment, charged by the City or the County on the Project for the purpose of funding the Project's fair and reasonable share of the cost of public facilities related to the Project in accordance with the Mitigation Fee Act and which fees are calculated on the basis of the number of residential units or square footage of non-residential development to be constructed in the Project or as otherwise set forth in this Agreement.

"Developing Properties" shall mean properties included in the Village 1 Finance Plan, as shown on Exhibit 12 of Volume 2 of the Lincoln Village 1 Public Facilities Financing Plan.

"Community Development Director" shall mean the Director of the City's Department of Community Development or his or her designee.

"EDU's" shall mean Equivalent Dwelling Units.

"Effective Date" shall have the meaning set forth in Section 1.5.1 of this Agreement.

"EIR" shall mean the environmental impact report prepared for the Project pursuant to CEQA.

"Entitlements" shall have the meaning set forth in Recital F.2 of this Agreement and shall also include, for all purposes of this Agreement, any Subsequent Entitlements from and after the date those Subsequent Entitlements are approved by the City.

"Fee Credits" shall have the meaning set forth in Section 3.11 and shall include, without limitation, the Developer PFE Credits set forth in Section 4.1.

"General Development Plan" shall have the meaning set forth in Recital F.2 (d) of this Agreement.

"General Plan" means the City's 2050 General Plan (March 2008) adopted on March 25, 2008, by City Council Resolution No. 2008-048, together with all amendments thereto made prior to the Effective Date of this Agreement.

"Infrastructure Finance Plan" shall mean the Lincoln Village 1 Public Facilities Financing Plan, including Volumes 1 and 2, adopted by the City on _____, 2016, by Resolution No._ , which is incorporated into this Agreement by this reference.

"Large Lot Map" shall mean the Large Lot Vesting Tentative Parcel Map for the Project as set forth in Recital F.2.(d).

"Lender" shall mean the beneficiary under a deed of trust or the mortgagee under a mortgage, or any other person or entity who has advanced funds to, or is otherwise owed money by a debtor, where the obligation is embodied in a promissory note or other evidence of indebtedness, and where such promissory note or other evidence of indebtedness is secured

by a mortgage or deed of trust encumbering the Property or a portion thereof.

"Mitigation Fee Act" means California Government Code Sections 66000 to 66025 (AB 1600).

"MMP" shall mean the Mitigation Monitoring Program adopted in conjunction with the EIR for the Project.

"Non-Assuming Transferee" shall have the meaning set forth in Section 1.10.2 of this Agreement.

"Non-Potable Water" shall mean raw water or reclaimed water.

"Open Space Preservation Areas" shall have the meaning set forth in Section 3.8.3 of this Agreement.

"Parks and Open Space" shall have the meaning set forth in Section 3.8.1 of this Agreement.

"Permitted Delay" shall have the meaning set forth in Section 6.3 of this Agreement.

"Permitted Delay Notice" shall have the meaning set forth in Section 6.3 of this Agreement.

"PFE" or "PFE Fee Program" shall mean the City's 2012 Public Facilities Element, as amended to include the Village 1 Specific Plan and any subsequent updates.

"PFE Facilities" shall have that meaning set forth in Section 4.1 of this Agreement.

"Project" means the overall development of the Property pursuant to this Agreement and the Entitlements in accordance with the General Development Plan attached as Exhibit "C" hereto.

"Property" shall have the meaning set forth in Recital C of this Agreement and as depicted and described in Exhibits "A" and "B."

"Public Improvements" shall have the meaning set forth in Section 3.1, and shall include, without limitation, the PFE Facilities described in Section 4.1.

"Specific Plan" means the Village 1 Specific Plan adopted by the City on November 27th, 2012 as set forth in Recital F.2.(b).

"Subsequent Entitlements" shall mean all additional and further land use entitlements approved for development of the Property by the City following the date of City's approval of this Agreement.

"Substantial Amendment" shall have the meaning set forth in Section 1.8(b) of this Agreement.

"Tentative Map" means the Tentative Subdivision Map for the project as set forth in Recital F.2.(e).

"Third Party Landowners" shall mean the owners of properties outside of the Specific Plan area that are benefited by public improvements constructed by developer, or benefited by public improvements whose construction was funded by developers within the Specific Plan through participation in the Infrastructure Finance Plan.

"Transfer Agreement" shall have the meaning set forth in Section 1.10.1(a) of this Agreement.

"Zoning Ordinance" shall mean the City's zoning ordinance contained in Title 18 of the City of Lincoln Municipal Code.

1.4 Interest of Developer. Developer is the **[state interest in property, e.g. fee owner]** and holds a legal interest in the Property and all portions thereof at all times necessary to the performance of its obligations and all other persons holding legal or equitable interests in the Property are to be bound by this Agreement. Notwithstanding anything set forth in this Agreement to the contrary:

(a) Subject to Section 2.10 below as to the timing of development, the Property shall be developed in accordance with this Agreement as set forth herein.

(b) Developer is not obligated by the terms of this Agreement to affirmatively act to develop all or a portion of the Property, pay any sums of money, dedicate any land (except as set forth in this Agreement), indemnify any party, or to otherwise meet or perform any obligation with respect to the Property, except and only as a condition to the development of any portion of the Property and even then only to the extent that such act or obligation is necessitated by and in proportion to Developer's development of that portion or phase of the Property.

Any development of a portion of the Property shall be subject to the terms of this Agreement, and all the rights, duties, and obligations of both parties to this Agreement shall pertain to such Property. Developer, from that point forward, shall be bound by the obligations, dedications, and improvements required by this Agreement as to all land within the Property owned by Developer.

1.5 Term.

1.5.1 Initial Term. The initial term of this Agreement shall commence upon the effective date of the Adopting Ordinance approving this Agreement and execution of this Agreement (the "Effective Date") and shall extend for a period of twenty (20) years from the date of Tentative Subdivision Map approval (the "Initial Term").

1.5.2 Option to Extend. Extensions of this Agreement shall be for a term as mutually agreed upon by City and Developer.

1.6 Termination. This Agreement shall be terminated and of no further effect upon the occurrence of any of the following events:

(a) Expiration of the Initial Term or Extension Term (if applicable) of this Agreement without further extension.

(b) Completion of the Project in accordance with the Entitlements and the City's issuance of all required occupancy permits and acceptance of all dedications and improvements required under the Entitlements and this Agreement;

(c) Except for the payment of applicable fees and assessments, as for any specific residential dwelling or other structure within the Project, this Agreement shall be terminated upon the issuance by City of a certificate of occupancy for such dwelling or other structure;

(d) Entry of final judgment (with no further right of appeal) or issuance of a final order (with no further right of appeal) directing City to set aside, withdraw, or abrogate City's approval of this Agreement or any material part of the Entitlements; or

(e) The effective date of a party's election to terminate the Agreement as provided in Article 6 of this Agreement.

1.6.1 Notice of Termination. City shall, upon written request made by Developer to City's Community Development Director, determine if the Agreement has terminated with respect to any parcel or lot at the Property, and shall not unreasonably withhold, condition, or delay termination as to that lot or parcel. Upon termination of this Agreement as to any lot or parcel, City shall upon Developer's request record a notice of termination that the Agreement has been terminated as to that parcel or lot at the Property. The aforesaid notice may specify, and Developer agrees, that termination shall not affect in any manner any continuing obligation to pay any item specified by this Agreement. Termination of this Agreement as to any parcel or lot at the Property shall not affect Developer's rights or obligations under any of the Entitlements and Subsequent Entitlements, including but not limited to, the General Plan, Specific Plan, Zoning

Ordinance and all other City policies, regulations and ordinances applicable to the Project at the Property , including such rights set forth in Article 4, including but not limited to the right to secure Developer PFE Credits and any and all reimbursements due to Developer from Third Party Landowners. City may charge a reasonable fee for the preparation and recordation of any notice(s) of termination requested by Developer.

1.7 Partial Termination. In the event of a termination of this Agreement with respect to any portion of the Project, any then existing rights and obligations of the Parties with respect to such portion of the Project shall automatically terminate and be of no further force, effect or operation. No termination of this Agreement with respect to any portion of the Property or the Project shall affect in any way the Parties' rights and obligations hereunder with respect to any other portion of the Property or Project. Subject to the provisions of Article 6 below, in no event shall the expiration or termination of this Agreement result in any expiration or termination, without further action of City, of any Entitlement then in existence.

1.8 Amendment of this Agreement. This Agreement may be amended from time to time, in whole or in part by mutual written consent of the parties hereto or their successors in interest, and as follows (collectively, "Amendments"):

(a) Administrative Modifications. Any Amendment to this Agreement, or the Infrastructure Finance Plan, which does not relate to (i) the term of this Agreement, (ii) permitted uses of the Project, (iii) density or intensity of use, except as allowed pursuant to Section 2.1.1, (iv) provisions for the reservation or dedication of land, or (v) monetary contributions by Developer other than cost updates to the infrastructure finance plan (an "Administrative Modification"), and which can be processed under CEQA as exempt from CEQA, or with the preparation of a Negative Declaration, shall be an administrative modification and shall not require a noticed public hearing prior to the parties executing an amendment to this Agreement as allowed by City Municipal Code section 18.84.100.c., except as otherwise required by state law, provided, however, that the City shall retain discretion to hold a public hearing if it so chooses.

(b) Substantial Amendments. Except as otherwise described in Section 1.8(a) and 1.9.1 of this Agreement, amendments to this Agreement shall be "Substantial Amendments" which require notice and a public hearing pursuant to California Government Code section 65868.

(c) Parties Required to Amend. Where a portion of Developer's rights or obligations have been transferred, assigned, and assumed in accordance with this Agreement, the signature of the person or entity to whom such rights or obligations have been assigned shall not be required to amend this Agreement unless such amendment would materially alter the rights or obligations of such assignee, provided thirty (30) days' prior written notice of any amendment is provided to such person or entity by the amending parties. In no event shall the signature or consent of any non-assuming assignee be required to amend this Agreement. The consent of Developer shall be

required to any amendment to this Agreement only to the extent that such an amendment relates to or affects any portion of the Property which Developer still owns in fee.

1.8.1 Effect of Amendment. Any amendment to this Agreement shall be operative only as to those specific portions of this Agreement expressly subject to the amendment, with all other terms and conditions remaining in full force and effect without interruption. No amendment to this Agreement shall be effective unless contained in a writing executed by both City and Developer, or their successors in interest.

1.9 Project Approval Amendments. To the extent permitted by state and federal law, any Entitlement may, from time to time, be amended or modified in the following manner:

1.9.1 Administrative Amendments. Upon the written request of Developer for an amendment or modification to an Entitlement (other than this Agreement) or Subsequent Entitlement, the Community Development Director or his/her designee shall determine (i) whether the requested amendment or modification is minor. If the Community Development Director, or his/her designee, finds that the proposed amendment or modification is minor, the amendment shall be determined to be an "Administrative Amendment" and the Community Development Director or his/her designee may, except to the extent otherwise required by law, approve the Administrative Amendment without notice and public hearing. Notwithstanding the foregoing, the Community Development Director and/or the City Manager shall retain the right and discretion to present such Administrative Amendments to the City's Planning Commission and/or City Council for approval at a noticed public hearing and/or a public meeting of those legislative bodies. For the purpose of this section and by way of example but not limitation, site plan review, design review, lot line adjustments, changes in pedestrian paths, minor subdivision amendments (including lot patterns and street alignments) which will not have a substantial or material impact on the circulation system as described for each village area in the Specific Plan, minor changes in landscaping for any landscaping shown on a final subdivision map or landscape plan, variations in the location of lots or home sites that do not substantially alter the design concepts of the Project, variations in the location or installation of utilities and other infrastructure connections or facilities that do not substantially alter the design concepts of the Project, and minor modifications to the design guidelines for the General Development Plan or Specific Plan that do not substantially alter the design concepts of the Project may be treated as Administrative Amendments. Similarly, minor changes to the Infrastructure Plan and/or Infrastructure Finance Plan that that have no substantial or material impact on the means of financing needed infrastructure shall be treated as Administrative Amendments.

1.9.2 Non-Administrative Amendments. Any request of Developer for an amendment or modification to an Entitlement or Subsequent Entitlement (other than this Agreement) which is determined not to be an Administrative Amendment as set forth above shall be subject to the provisions of review, consideration and action pursuant to law.

1.9.3 Vesting of Entitlements Made By Amendments. In the event of any change to any Entitlement or Subsequent Entitlement made by an Administrative Modification, Substantial Amendment or Administrative Amendment, the change to such Entitlement or Subsequent Entitlement shall be vested for the then remaining duration of the Initial Term and any Extension Term of this Agreement, or the period of time allowed by applicable statute, whichever is longer.

1.10 Assignment of Interests, Rights and Obligations. Developer may transfer or assign all or any portion of its interests, rights or obligations under the Entitlements and any Subsequent Entitlements to third parties acquiring an interest or estate in the Property or any portion thereof in accordance with the provisions of this Article.

1.10.1 Transfer Agreements.

(a) In connection with the transfer or assignment by Developer of all or any portion of the Property (other than a transfer or assignment by Developer to an Affiliated Party), or a Non-Assuming Transferee (as defined in section 1.10.2 below) Developer and the transferee shall enter into a written agreement (a "Transfer Agreement") regarding the respective interests, rights and obligations of Developer and the transferee in and under the Entitlements and Subsequent Entitlements. Such Transfer Agreement may (i) release Developer from obligations under the Entitlements (including this Agreement) and Subsequent Entitlements, or the Entitlements and Subsequent Entitlements that pertain to that portion of the Property being transferred, as described in the Transfer Agreement, provided that the transferee expressly assumes such obligations, (ii) transfer to the transferee vested rights to improve that portion of the Property being transferred, and (iii) address any other matter deemed by Developer to be necessary or appropriate in connection with the transfer or assignment.

(b) Developer shall obtain City's prior written consent to any Transfer Agreement (other than one to an Affiliated Party as defined in Section 1.10.3), which consent shall not be unreasonably withheld or delayed. Failure by City to respond within thirty (30) days to any request made by Developer for such consent shall be deemed to be City's approval of the Transfer Agreement in question. City may refuse to give its consent only if, in light of the proposed transferee's reputation and financial resources, such transferee would not in the City's reasonable opinion be able to perform the obligations under this Agreement proposed to be assumed by such transferee. Such determination shall be made by the City Manager in consultation with the City Attorney, and is appealable by Developer to the City Council.

(c) A Transfer Agreement shall be binding on Developer, City and the transferee provided: (i) Developer is not then in uncured default under this Agreement, (ii) Developer has provided notice to City of such transfer, and (ii) the transferee executes and delivers to City a written agreement in which (1) the name and address of the transferee are set forth, and (2) the transferee expressly and unconditionally assumes each and every obligation of Developer under this Agreement

with respect to the Project, or portion thereof, transferred to the transferee to the extent the Developer has not retained a continuing obligation. Upon recordation of any Transfer Agreement in the Official Records of Placer County, the Developer shall be automatically released from those obligations assumed by the transferee therein.

(d) Developer shall be free from any and all liabilities accruing on or after the date of any assignment or transfer with respect to those obligations assumed by the transferee pursuant to a Transfer Agreement. No breach or default hereunder by any person succeeding to any portion of Developer's obligations under this Agreement shall be attributed to Developer, nor may Developer's rights hereunder be canceled or diminished in any way by any breach or default of any transferee.

1.10.2 Non-Assuming Transferees. Except as otherwise elected by Developer, upon the sale of any parcel for which all public improvements required for the development thereon have been completed (or for which public improvements adequate financial security for the completion thereof has been posted by Developer and accepted by City) and any financing districts required to include such parcel hereunder have been formed, then the burdens, obligations and duties (but not the rights) of Developer under this Agreement as to such conveyed parcel shall terminate with respect to such transferee (a "Non-Assuming Transferee"). In such event, neither a Transfer Agreement nor the City's consent shall be required in connection with the conveyance of such parcel and the assignment of the rights, without the obligations, under this Agreement to such Non-Assuming Transferee. Nothing in this section shall exempt any property transferred to a Non-Assuming Transferee from payment of applicable fees and assessments or compliance with applicable conditions of approval.

1.10.3 Transfers to Affiliated Parties. Developer, or any "Affiliated Party" of Developer, may at any time transfer all or any portion of its rights and obligations under this Agreement to an "Affiliated Party" of Developer and, in connection with the transfer of any such obligations, thereafter be released from such obligations. As used herein, the term "Affiliated Party" shall mean any person or entity (i) in which the Developer or any of its affiliates owns fifty-one percent (51%) or a controlling interest in, or (ii) which owns fifty-one percent (51%) or controlling interest in Developer or any of its affiliates, unless otherwise agreed to by City.

1.11 Notices. All notices required or provided for under this Agreement shall be in writing and shall be sent by (i) U.S. mail first class postage prepaid with return receipt requested, (ii) by overnight courier or hand delivery, or (iii) by facsimile with original forwarded by U.S. Mail, addressed as follows, with email copies provided to the email addresses below:

Notice to City: City of Lincoln
Attention: City Manager
600 6th Street
Lincoln, CA 95648
Telephone: 916.434.2490

Facsimile: 916.645.8903

Notice to Developer: _____
_____
_____
_____
_____
Attn: _____
Telephone: _____
Facsimile: _____

And to: _____
_____
_____
_____
_____
Attn: _____
Telephone: _____
Facsimile: _____

Notice shall be effective when the postal authorities indicate that the mailing was delivered, the date delivered in person, or upon receipt of the entire document by the receiving party's fax machine, as evidenced by the sending party's facsimile confirmation report.

1.12 Third Party Landowners – Defined. Under this Agreement, Developer will be entitled to the reimbursement of those costs expended by Developer for planning, design, engineering and the construction of Public Improvements which benefit the following third party landowners:

APN xxx-xxx-xxx-xxx
APN xxx-xxx-xxx-xxx
APN xxx-xxx-xxx-xxx

1.13 Attribution of Credits. City and Developer agree and understand that any Fee Credits obtained by Developer as a result of providing Public Improvements shall be personal to Developer and may be sold, transferred or assigned by Developer to another landowner without the consent of City; provided, however, that Developer shall give City written notice of any transfer or assignment of Fee Credits using a form approved by the City. Any such Fee Credits may be utilized only within the geographic boundaries of the Village 1 Specific Plan area.

1.14 Subsequent Approvals; Application of Agreement. City shall accept for processing, review, and action any and all applications submitted by Developer for land use entitlements necessary or convenient for the exercise of Developer's rights under its Agreement. Upon approval, any subsequent land use approval for the Property shall be deemed a Subsequent Entitlement under this Agreement and shall be vested pursuant to the terms of this Agreement.

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1.15 Development Agreement Controls. In the event of any inconsistency between the terms and provisions of this Development Agreement and the conditions of approval of the Large Lot Map or the conditions of approval for any tentative subdivision map at the Project, the terms and provisions of this Development Agreement shall control. It is the intent of the parties that the references in this Agreement to any subject matter within the Infrastructure Finance Plan be fully consistent with the Infrastructure and Finance plan. Accordingly, if there is any conflict of provision between the documents, as adopted or amended, the Infrastructure Finance Plan provision shall prevail.

ARTICLE 2

DEVELOPMENT OF THE PROPERTY

2.1 Grant of Land Use. Through its approval of the Entitlements and this Agreement, City has granted Developer the vested right to the land uses at the Property, subject to compliance with this Agreement, allowing for the development as shown in the approved General Development Plan for the Project. A map of the land uses for the Project is attached hereto as Exhibit "D."

2.1.1 Unit Transfers. The total number of residential units within any individual phase of the Project may increase or decrease from the number of residential units shown for that particular phase in the approved General Development Plan for the Project. Phases in the development of the Project are those identified in the attached Exhibit "F." Increases or decreases in the total number of residential units within a phase up to a maximum of ten percent (10%) are allowed as of right, provided that such increases or decreases do not result in an individual parcel containing a greater or lesser number of residential units than is allowed by that parcel's zoning designation. Increases or decreases of more than ten percent (10%) are subject to the review and approval of the Community Development Director. The request for such a residential unit transfer must identify the total number of units being adjusted, including a unit summary of the affected area including original and proposed unit allocations. The Community Development Director's approval or denial of any requested residential unit transfer resulting in an increase or decrease in residential units shall be based solely on the following criteria:

(i) The increase or decrease does not result in significant modification to the conditions of approval of an approved tentative subdivision map at the Project.

(ii) The increase or decrease does not result in an average density within any residential phase in excess of the maximum allowable range of approved densities nor reduce the density below the minimum allowable range of approved densities assigned by the Village 1 Specific Plan's land use classification for the parcel and the adopted General Development Plan.

(iii) The increase does not result in the total number of residential units for the Project exceeding the maximum number of residential units approved for the Project.

2.1.2 Pool of Residential Units. Pursuant to the Entitlements and Subsequent Entitlements, the right to develop a residential parcel at a particular density necessarily includes the right to develop such use at a lesser density of development allocable to such parcel. Unutilized residential units within any phase of the Project shall be pooled and remain available to Developer to utilize elsewhere within the Project, subject to the provisions of Sections 2.1.1 above.

2.1.3 Uses Allowed Within the Project Area. Uses permitted within the Project are those shown for the Property and contained in the General Development Plan, and as may be amended from time to time with the consent of Developer.

2.1.4 Reconfiguration of Parcels. Developer shall have the right to file applications with City for the further subdivision of the Property, lot line adjustments, or for master parcelization of all or part of the Property for the purpose of reconfiguration of the Property. City shall reasonably expeditiously process such applications.

2.2 Vested Entitlements. City acknowledges that City has, by entering into this Agreement and approving the Entitlements, vested Developer's rights to develop the Project at the Property in accordance with the Entitlements, any Subsequent Entitlements, and with the written rules, regulations, and policies of the City in force on the Effective Date of this Agreement to the fullest extent permitted under the Development Agreement Statute except as set forth in: Sections 2.5 Subsequently Enacted or Modified Rules, Regulations and Ordinances, 2.6 Uniform Building Code and Improvement Standards, 2.7 State and Federal Law, and 2.8 Health and Safety Measures. It is the intent of City and Developer that the vesting of development rights of Developer for the Property shall include: (i) the permitted land uses, density and intensity of use, timing or phasing of development, zoning, provisions for reservation or dedication of land for public purposes, the maximum height and size of proposed buildings, the location and size of public improvements, and the design, improvement, and construction standards and specifications applicable to development of the Property all as set forth in the Entitlements and in this Agreement, and (ii) all other terms and conditions of the development of the Project as set forth in the Entitlements and in this Agreement. Any amendments to this Agreement will affect only those sections amended and shall not affect any other term of this Agreement.

2.2.1 Extension of Entitlements and Subsequent Entitlements. Pursuant to Government Code section 66452.6, all vesting tentative subdivision maps, vesting tentative parcel maps, parcel maps, tentative subdivision maps, planned unit development permits, specific development permits, special permits, general development plans or any other maps, zonings, rezonings or land use entitlements of potentially limited duration previously, contemporaneously or subsequently approved by City for the Property subject

to this Agreement shall be valid for a minimum term equal to the full term of this Agreement (including the Initial Term and any Extension Terms), or for a period of forty-eight (48) months, whichever is longer, but in no event for a period shorter than the maximum period of time permitted by the California Subdivision Map Act or Government Code for such land use entitlements.

2.3 Rules, Regulations and Policies. Except as set forth in Sections 2.5, 2.6 2.7 and 2.8, below, the rules, regulations, policies, ordinances, and resolutions of the City governing the development of the Project, including permitted uses of the Property, density, and design, improvement, and construction standards and specifications, shall be those in force on the Effective Date of the Agreement and as contained in the Entitlements and this Agreement. In the event of any conflict between the provisions of this Agreement and any ordinance, resolution, rule, regulation or policy of the City, the provisions of this Agreement shall control.

2.4 No Conflicting Enactment. Except as provided in Section 2.5 of this Agreement, neither the City Council nor any other agency of the City, nor the electorate through initiative or otherwise, subsequently shall enact an ordinance or other measure which is in conflict or reduces Developer's vested development rights as provided in this Agreement.

2.5 Application of Subsequently Enacted or Modified Rules, Regulations and Ordinances.

(a) The City may, during the term of this Agreement, apply such City-enacted or modified rules, regulations, ordinances, laws, and official policies including improvement and construction standards and specifications and plans adopted or modified after the date of this Agreement which are not inconsistent with or conflict with the Entitlements or this Agreement, are applied uniformly to all similar properties, or otherwise do not prevent development of the Project in accordance with the Entitlements and the terms of this Agreement.

(b) Should an ordinance or resolution or other measure be enacted, whether by action of the City Council, by initiative, referendum or otherwise which relates to the rate, timing or sequencing of the development or construction of the Project, including, but not limited to, development no-growth or slow growth moratoria, to the extent any such measure is inconsistent with or conflicts with the Entitlements, and/or this Agreement, City agrees that such ordinance, resolution or other measure shall not apply to the Project, or any development thereof, or construction related thereto, or construction of improvements necessary therefore.

(c) Should any initiative, referendum, or other measure be enacted, and any failure to apply such measure to the Property by City is legally challenged, Developer agrees to fully defend the City against such legal challenge with legal counsel selected by Developer and approved by City, which approval shall not to be unreasonably withheld,, including providing all necessary legal services, bearing all reasonable costs

therefore, and otherwise holding the City harmless from all costs and expenses reasonably incurred by City in connection with such legal challenge and litigation, but only if the City's failure to apply any such measure to the Property was at the written request of Developer. In addition, if Developer is not named as a party in any such litigation, City agrees that it will support Developer's efforts to intervene in any such litigation if Developer should choose to do so.

(d) Without limiting the terms of Section 2.2, by virtue of this Agreement, Developer is being given the vested right to develop the Project without having to comply with the terms and provisions of any future City-enacted inclusionary housing ordinance, affordable housing ordinance, or similar ordinance that would require Developer to provide a minimum number of below-market rate housing units at the Property or pay a fee in-lieu of providing below-market rate housing units at the Property.

2.6 Uniform Building Code and Improvement Standards. Except as otherwise specifically set forth in this Agreement, and provided they have been adopted by the City and are in effect on a city-wide basis, City may apply to the Property, at any time during the term of this Agreement the then current Uniform Building Code and other uniform construction codes as approved by the City, and the then-current City Improvement Standards and Design Criteria for public improvements (e.g., design and construction standards including, but not limited to, streets, water, wastewater and drainage facilities, parking lot standards, and driveway widths) to that portion of the Property for which a tentative map was approved. Notwithstanding the foregoing, City shall not be able to apply new City Improvement Standards and Design Criteria after it has approved improvement plans for any such improvement at a portion of the Property for a period of five (5) years after the date the plans were approved.

2.7 State and Federal Law. As provided in California Government Code section 65869.5, this Agreement shall not preclude the application to the Property of changes in law, regulations, plans or policies, design criteria and improvement standards to the extent that such changes are specifically mandated and required by changes in state or federal laws or regulations ("Changes in the Law"). In the event Changes in the Law prevent or preclude compliance with one or more provisions of this Agreement by either party hereto, such provisions of this Agreement shall be modified or suspended or performance delayed, as may be necessary to comply with Changes in the Law, and the City and Developer shall meet and confer in good faith to determine whether the Changes in the Law apply to the Property and whether an amendment to this Agreement is necessary in light of the Changes in the Law. City and Developer shall take such action as may be necessary to meet the minimum requirements of such state or federal law, rule or regulation in a manner which is consistent with the original intent and rights and obligations originally placed on each party by this Agreement. In the event the City and Developer, after having engaged in good faith negotiations, are unable to agree on any amendment, they shall consider whether suspension of the term of this Agreement is appropriate, and if so, what the terms and conditions of any such suspension should be. In the event the City and Developer, after having engaged in good faith negotiations are

unable to agree on the suspension issues, then Developer shall have the right to terminate this Agreement by giving the City sixty (60) days' written notice of termination. Developer or City shall have the right to institute litigation relating to the Changes in the Law, and raise any issues regarding the validity of the Changes in the Law. If such litigation is filed, this Agreement shall remain in full force and effect until final judgment is issued. Provided, however, that if any action that City would take in furtherance of this Agreement would be rendered invalid, facially or otherwise, by the Changes in the Law, City shall not be required to undertake such action until the litigation is resolved, or the Changes in the Law are otherwise determined invalid, inapplicable, or are repealed. In the event that such judgment invalidates the Changes in the Law or determines that it does not affect the validity of this Agreement, this Agreement shall remain in full force and effect, and its term shall be extended by the amount of time between the effective date of the Changes in the Law, and the effective date of the judgment. In the event that such judgment determines that the validity of this Agreement is, directly or indirectly affected by the Changes in the Law, then the provisions of Section 2.7 above shall apply.

2.8 Health and Safety Measures. Notwithstanding anything to the contrary contained in this Agreement, nothing herein shall be construed to limit the City's general police power to implement, based upon appropriate and adequate findings, specific measures necessary to alleviate legitimate and bona fide harmful and noxious uses, or protect against real, actual, and dangerous threats to the health and safety of City residents, in which event any rule, regulation or policy imposed on the development of the Property shall be done to the minimum extent necessary to correct such bona fide harmful and noxious uses or protect against any such real, actual and dangerous threats to the health and safety of City residents.

2.9 City Fees, Taxes and Assessments. Except as expressly provided in this Agreement, City shall have the authority to enact new or increase existing fees, taxes or assessments including, but not limited to, Development Impact Fees and public facility fees provided such fees are applied uniformly to other similarly situated properties in Village 1. Subject to the provisions of this Section 2.9, Landowner agrees to pay the City fee, tax or assessment in effect at the time such fees, taxes or assessments are required to be paid provided that such fees, taxes or assessments apply generally to similar projects within the City.

2.9.1 Public Facilities Element Fee Program. With respect to public facility fees, the City has established a Public Facilities Element Fee Program ("PFE Fee Program") based upon a nexus study as required by the Mitigation Fee Act. The currently approved Public Facilities Element Fee Program (adopted February 2012) (the "PFE Fee Program") is based upon those improvements and facilities required to implement the City General Plan that was adopted in September 1988 ("Prior City General Plan"). In March of 2008, the City adopted its 2050 General Plan and will be creating a new PFE Fee Program to include the public facilities and improvements that will be required to serve the 2050 General Plan.

2.9.2 No Waiver of Developer's Rights. Nothing in this Agreement constitutes a waiver of Developer's right to challenge the legality of any future increases in the fees, taxes or assessments applied to the Property. Nothing in this Section 2.9 shall be read to negate Developer's agreement to pay such other fees, taxes or assessments as provided for in other sections of this Agreement.

2.10 Development Timing. This Agreement does not require that Developer ever proceed with the development of the Property and contains no requirement that Developer must initiate or complete development of any phase of the development of the Property or any portion thereof within any period of time set by City. It is the intention of this provision that Developer be able to develop the Property in accordance with Developer's own schedule; provided, however, that to the extent phasing is required by the Project's General Development Plan, such provision shall govern as shown on Exhibit "F." No future modification of the City's municipal code or any ordinance or regulation which limits the rate of development over time shall be applicable to the Property.

ARTICLE 3

DEVELOPER OBLIGATIONS

3.1 Public Improvements – General. Developer agrees, subject to the requirements and limitations of the Mitigation Fee Act and the terms and conditions of this Agreement, to be responsible for constructing and/or financing those certain public infrastructure improvements necessary to serve the Project which are set forth in the Infrastructure Finance Plan, the Entitlements or the MMP, including without limitation the public improvements listed in Sections 3.2 to 3.8 below (the "Public Improvements") at Developer's expense, subject to certain reimbursements or Fee Credits specified in this Agreement and subject to the terms of the Cooperative Agreement attached hereto and incorporated herein by this reference as Exhibit "K" (the "Cooperative Agreement"). All of the Public Improvements shall be designed and constructed to the City's specifications in effect at the time plans for such Public Improvements are submitted to City for approval, except as may be otherwise provided in Sections 2.5 and 2.6 above.

3.1.1 Public Improvements – Phasing. Developer shall have the right to construct the Project at the time Developer shall determine in its sole and absolute discretion. Developer anticipates that the Project and all of the Public Improvements could be constructed in the phases as set forth in the Infrastructure Finance Plan and the Tentative Map, provided that such infrastructure modifications are necessary for the safe and effective delivery of public services or to mitigate potential environmental impacts as identified in the EIR for the Project.

3.2 Required Infrastructure. Developer shall construct required improvements per the Tentative Map Conditions of Approval and the Infrastructure Finance Plan.

3.3 Wastewater.

3.3.1 Wastewater Facilities Plan. Developer shall construct facilities per the Tentative Map Conditions of Approval and in accordance with the Infrastructure Finance Plan.

3.3.2 Treatment Capacity. City agrees and acknowledges that subject to the timely expansion of the wastewater treatment and reclamation facility, the planned wastewater treatment capacity is sufficient to fully serve the needs of the Project. Developer shall pay the City's PFE Fee for Wastewater at the time of the issuance of a building permit. Developer shall have the right to apply the Developer PFE Credits for non-critical components of the PFE as defined in the PFE Policy. Developer may be required to participate in the wastewater treatment and reclamation facility expansion. [Subject to additional analysis and consideration of sewer infrastructure financing.] Developer shall have the right to receive sewer treatment capacity funded by such participation.

3.4 Water.

3.4.1 Water Facilities Plan. Developer shall construct facilities per the Tentative Map Conditions of Approval and in accordance with the Infrastructure Finance Plan.

3.4.2 Water Supply. City acknowledges and agrees that Developer's payment of the applicable City water fees for the Project provide City with the means to furnish an adequate supply of water for the needs of the Project, however, Developer acknowledges that there may be off-site water infrastructure, in addition to those improvements which Developer is required to construct, which the City may need to complete in order to supply all water needed for the build-out of the Project and the City shall not be in default under Section 6.1 of this Agreement for any delay in the completion of such improvements by the City. Nothing herein shall obligate the City to construct such off-site water infrastructure, provided, if the City has not constructed that off-site water infrastructure if and when needed for the Project, then Developer shall have the right but not the obligation under this Agreement to construct such off-site water infrastructure in addition to the water improvements which Developer is required to construct. Developer shall have the right to apply the Developer PFE Credits per the Infrastructure Finance Plan and offset any additional credit against any facilities constructed.

3.4.3 Water Transmission Lines.

3.4.3.1 Water Line Oversizing. Unless specified by this Agreement and pursuant to the City's Public Facilities Element Fee Program and Infrastructure Finance Plan, Developer shall be responsible for the construction of water

transmission and distribution lines 16" or smaller in diameter for the Project. Lines greater in diameter than 16" shall entitle Developer to a PFE credit under the PFE Fee Program in accordance with the provisions of Article 4 of this Agreement.

3.4.4 Water Storage. Developer shall pay the "City Water Connection Fee" which includes a water storage component.

3.4.5 City Water Connection Fee. Developer shall pay the City's Public Facility Element Water Connection Fee and the PCWA or NID Water Connection Charge as determined by the City at the time of issuance of a building permit. Developer shall have the right to apply all Fee Credits earned pursuant to Section 3.4.1 and 3.4.3 above in payment of the non-critical portion of the City's Public Facility Element Water Connection Fee. Developer may be required to participate in the PCWA or NID water treatment plant expansion. [Subject to additional analysis and consideration of water infrastructure financing.] Developer shall have the right to the connection capacity funded by such participation.

3.4.6 Groundwater. City shall continue to utilize and expand its existing groundwater system to reduce peaks and as an emergency back-up supplement to its surface water supply. In furtherance of City's ability to develop its groundwater resources, Developer hereby agrees to dedicate to the City all rights to the groundwater underlying the Property, provided such dedication of underlying groundwater rights is required by City of other major developers or subdividers in the City and is consistent with the City's Groundwater Management Plan. The dedication of such groundwater rights shall take place prior to approval of the first final Large Lot Map for the Project and shall be in form acceptable to the City Attorney.

3.4.7 Water Supply Verification. Developer shall comply with the terms of California Government Code Section 66473.7 for the Project.

3.5 Non-Potable Water.

3.5.1 Non-Potable Water Facilities. Developer shall construct facilities per the Tentative Map Conditions of Approval and in accordance with the Infrastructure Finance Plan.

3.5.2 Non-Potable Water Use. During the construction of the Project and then subsequently for landscape irrigation in parks, landscaping corridors, open space and street medians, Non-Potable shall be utilized subject to the City's determination that raw water can be feasibly delivered to the Project for the intended use.

3.5.3 Interim Use of Potable Water. Until such time as Non-Potable Water is made available to the Project, the Non-Potable Water facilities installed pursuant to Section 3.5.1 will be connected to the City's domestic potable water system, with Developer installing the stubs that are needed for the future conversion to the non-potable water system. Development may proceed in the advance of Non-Potable Water being made available by the City. Developer shall pay a water connection fee for such interim

use of potable water use as well as monthly usage rates. Developer may transfer water connection credits to subsequent building permits once Non-Potable Water is made available to the Project, provided water connection transfers are documented in a form approved by the City. Until the City's Non-Potable Water system is functioning, the Project shall have the right to utilize potable water, or other water supply as may be identified by Developer and approved for use by City, for construction purposes and for the irrigation of landscaped areas in parks, landscape corridors, open space and street medians. Non-Potable Water is intended to become available prior to completion of Village 1 Infrastructure improvements in accordance with the Infrastructure Finance Plan and phasing. The Cost to make system modifications necessary to use the non-potable water within the project shall be per the Infrastructure Finance Plan.

3.6 Drainage.

3.6.1 Drainage Facilities Plan. Developer shall construct facilities per the Tentative Map Conditions of Approval and in accordance with the Infrastructure Finance Plan.

3.6.2. Drainage Maintenance Assessment District. Developer shall consent to City's formation of, or annex the Property into, a drainage maintenance assessment district to provide for the Project's share of annual maintenance and operation costs of the City's stormwater retention/detention facilities.

3.7 City Landscaping and Lighting District. For purposes of providing funds for the maintenance of all public open spaces, parks, and landscape corridors within the Project, Developer shall dedicate ownership of specified park sites, landscaped setbacks, road medians, and open space areas to the City and shall consent to the annexation of the Property into the City's existing Landscaping and Lighting District ("LLD"), unless the City requires the use of a Mello Roos services district (a "Mello Roos District") for such purposes. Developer will enter into an agreement with the City to advance funding for the maintenance of such areas at the Property, or for Developer to provide the maintenance itself, until the LLD or Mello Roos District receives sufficient assessment revenue from the Property for such purpose. Once the LLD or Mello Roos District assessments being paid at the Property are sufficient to cover its maintenance costs, City agrees that Developer will be paid a reimbursement from the LLD or Mello Roos District for all sums previously advanced or paid by Developer for the maintenance of such areas at the Property. The Parties further agree that the LLD or Mello Roos District annual assessments for the Property shall be the sole source of funding for the reimbursement and any reimbursements will be available after all annual maintenance costs have been funded unless otherwise approved by the City Manager, provided that the City Manager shall have the right, in his or her sole discretion, to seek City Council approval of any such alternative reimbursement.

3.8 Parks and Open Space.

3.8.1 Park and Open Space Dedication. City requires Developer to provide neighborhood parks and community parks for recreational activities ("Parks and Open Space") at the Property based upon the ratios of three (3) acres of neighborhood parks per 1,000 residents and three (3) acres of community parks per 1,000 residents using the population factors per land density set forth in Table 3.8.1 below and as approved by the Tentative Map dated _____, 20__. The Project has met the regional and neighborhood park obligation by the Village 1 Specific Plan and Infrastructure Finance Plan participation.

Table 3.8.1:

Low Density Residential	*(LDR)*	*3.6 people per residential unit*
Medium Density Residential	*(MDR)*	*2.8 people per residential unit*
High Density Residential	*(HDR)*	*1.8 people per residential unit*

The above parkland dedication requirement of the Project may be satisfied through the dedication of improved parkland, the payment of Park-In-Lieu fees to the Infrastructure Finance Plan, or any combination thereof. The amount of Park-In-Lieu fees shall be determined through an appraisal by an MAI certified appraiser hired by the City and approved and paid for by the Developer. To the extent Developer dedicates improved parkland, Developer shall be granted a full credit against the foregoing obligations based upon the acreage of improved parkland so dedicated, notwithstanding the actual costs incurred by Developer to provide such improved parkland, so long as the park improvements installed by Developer are constructed according to plans and specifications approved by City pursuant to Section 3.8.2 below and per the Infrastructure Finance Plan. City agrees that all such dedications of improved parkland, and any payments of applicable Park-In-Lieu fees, will fully satisfy the Property's obligations for Quimby Act park fees, park improvement fees, and any other Development Impact Fees charged by City on new developments for Parks and Open Space.

3.8.2 Parks Cost and Terms. Developer shall construct park land improvements for the Project, and City agrees that Developer shall be entitled to receive Fee Credits against the parks fee component of the PFE Update Parks and Recreation fee in exchange for Developer constructing the parks. The Fee Credits will be applied at each building permit for the Project Parks shall be developed in accordance with the following provisions:

a. The construction of the parks facilities shall be per the Tentative Map Conditions of Approval and in accordance with the Infrastructure Finance Plan. The total cost of constructing park improvements required by this Section 3.8.2 shall not exceed the construction cost per acre for park land as identified in the Infrastructure Finance Plan.

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b. Prior to approval of the first building permit in the particular phase of the Project under construction, Developer shall provide City a proposed design of the park in that phase of the Project for the City's review and approval.

c. Following approval of the park design by City for the park in that phase of the Project , the Developer shall be obligated to begin construction of that park site prior to the City's issuance of the occupancy permit in that phase of the Project which represents the half way point of allowable units in that phase. Prior to approval of the first building permit within a phase, Developer shall post a bond in a form acceptable to the City guaranteeing the completion of the park site in that phase prior to the issuance of the last occupancy permit within that phase of the Project (a "Park Completion Bond"). In addition to the foregoing bond requirement, if Developer desires for City to issue Developer Fee Credits for any park to be constructed by Developer under this Agreement in the Project before that construction is completed, Developer shall, to the extent that any Park Completion Bonds previously provided as set forth above or any other subdivision improvement bonds previously provided by Developer do not secure completion of that park, post a bond or bonds (the "Unbuilt Park Bond") to secure completion of that park in an amount equal to the dollar amount of the park fee components of the Community Services Fee for which Developer is seeking the Fee Credits. City need not have approved a park design park under Section 3.82 (c) above for any such unbuilt parks in order for Developer to obtain the Fee Credits for that park so long as Developer posts an Unbuilt Park Bond for that park as required above.

d. Following the commencement of construction of any park pursuant to subsection c. above, Developer shall exert commercially reasonable efforts to complete the construction of the park within one (1) year, but may request an extension of such time from City, which shall not be denied without reasonable cause.

3.8.3 Open Space Preservation Areas. Developer may be responsible for the preservation of open space and enhancement of wildlife habitat and wetland mitigation areas in designated open space areas at the Project ("Open Space Preservation Areas"). If such an obligation arises regarding Open Space Preservation areas under a U.S. Army Corps of Engineers ("Corps") permit governing the Project issued pursuant to Section 404 of the Clean Water Act ("Section 404 Permit"), Developer shall be responsible for the maintenance and monitoring of such Open Space Preservation Areas for the initial five (5) years from the date established under the Section 404 Permit requiring the monitoring of such areas. Upon Developer's completion of the initial five-year monitoring obligation under the Section 404 Permit, City agrees that it will be responsible thereafter for the maintenance and periodic monitoring of the Open Space Preservation Areas. The maintenance and monitoring period as stated within this provision will not apply for open space dedicated that does not contain wetlands or other resources that otherwise would require monitoring.

Developer shall designate portions of the Open Space Preservation Areas as wildlife habitat and wetland mitigation areas, to be held in perpetuity subject to

restrictions in accordance with the requirements of the Section 404 Permit. The Village 1 Specific Plan meets Open Space requirements as established by the City of Lincoln. The Project meets the Open Space Preservation requirement of the Village 1 Specific Plan through _____. The Open Space Preservation Areas shall consist of both jurisdictional wetland features and non-wetland natural areas. The use of the land in the Open Space Preservation Areas shall be restricted by Developer through deed restrictions or conservation easements. City agrees, subject to Developer establishing adequate financing mechanisms for ongoing maintenance, to accept fee title to all Open Space Preservation Areas subject to such restrictions or conservation easements as may be required by the U.S. Army Corps of Engineers, U.S. Fish and Wildlife Service, and/or California Department of Fish and Game.

3.8.4 Maintenance of Parks, Landscape Corridors and other Landscaped Common Areas at the Project. Following City's acceptance of any improvements and landscaping installed by Developer in the Park and Open Space areas, and Landscape Corridors, within the Project, City shall have the sole responsibility for maintaining and repairing them after the expiration of the applicable one-year warranty period, subject, however, to the provisions of Section 3.7 that require Developer to provide advance funding for maintenance or to maintain the Park and Open Space areas for the LLD or Mello Roos District until sufficient assessment revenue is being generated for the Property for the LLD or Mello Roos District to maintain such areas itself.

3.8.5 Trails; Cost and Terms. Developer shall construct trail facilities per the Tentative Map Conditions of Approval and in accordance with the Infrastructure Finance Plan, if applicable. Trails shall be developed in accordance with the following provisions:

a. Developer shall be given a Fee Credit against the trails component of the Parks and Recreation Fee identified in the PFE Fee Program, and its subsequent revisions, as identified in the Infrastructure Finance Plan.

3.9 Public Financing.

3.9.1 Tax Sharing Agreement/Services CFD. As a requirement of annexation of the Project area into the City, a tax sharing agreement between the City of Lincoln and County of Placer was negotiated and executed in compliance with California Revenue and Tax Code Section 99(b) and Government Code Section 56842 (the "Tax Sharing Agreement"). The City has analyzed the impacts of the Tax Sharing Agreement to its annual 2015 property tax revenues pursuant to the "Lincoln Village 1 Fiscal Impact Analysis" dated _____, 20__ prepared by Economic and Planning Systems ("Impact Analysis") and determined that there may be a shortfall in revenues needed to provide certain General Fund services to the Project identified in Schedule 1 attached hereto (the "City Services"). As a result of a potential shortfall and the impacts of the proposed development on the City Services, Developer agrees that at the sole discretion of the City, the Property may be annexed into the City's Community Facilities District No. 2010-1 (the "Infrastructure and Services CFD") prior to the recordation of the first

Large Lot Final Map on the Property. Developer shall cooperate with City's efforts to annex the Property into the Infrastructure and Services CFD with the submittal of the required petition and the payment of a fee in an amount reasonably determined by the City to be sufficient to compensate the City for all costs incurred in conducting the annexation proceedings to annex the Property into the Infrastructure and Services CFD. Alternatively, if requested by the City, Developer agrees to consent to the City's formation of a new Infrastructure and Services CFD which shall include the Project pursuant to the Mello-Roos Community Facilities Act of 1982, so long as the annual special tax or fee is assessed only on residential lots in the Project upon which residential units have been completed and certificates of occupancy issued and does not exceed the amount needed to pay each residential units fair share of the cost of the City Services, and provided that (i) the reason for the annual assessments is solely the result of a shortfall of revenue caused by the Tax Sharing Agreement, (ii) the assessment is consistent with the City's revenue and expense assumptions in the Impact Analysis, and (iii) the amount of the assessment will have a defined annual adjustment factor, which will be determined with the CFD formation. Developer shall cooperate with the City's effort to the formation of a new Infrastructure and Services CFD with the submittal of the required documentation and the payment of a fee in an amount reasonably determined by the City to be sufficient to compensate the City for all costs incurred in the district formation.

3.9.2 Infrastructure Fees and Costs. To the extent that the costs of providing (i) the City Infrastructure and Services under Section 3.9.1, and (ii) the LLM Costs under Section 3.9.2, are met, the City agrees that, in addition to the Infrastructure and Services CFD and to the extent the Property may reasonably carry additional assessments, Developer may elect to petition the City to finance all or portions of the costs of any of the Development Impact Fees or Public Improvements constructed by Developer in lieu of the payment of such fees using a Community Facilities District ("CFD") or other public financing mechanism, such as a fee district or special assessment district, or a combination thereof whereupon the City shall promptly take the actions required to authorize such financing subject to all applicable laws, including Government Code Sections 53311 to 53368.3, inclusive, and all public hearing and validation requirements. The City's CFD policies shall apply to any such CFD formed pursuant to this Section 3.9.3. The City will consider changes to the CFD policies as suggested by the Developer, including the deferral and payment of certain developer impact fees from the sale of CFD Bonds commencing in year 31 and/or after previously issued CFD Bonds reach maturity and are repaid. Developer also may utilize the Statewide Community Infrastructure Program ("SCIP") program for payment of any eligible impact fees or construction of facilities.

3.9.3 Interim Infrastructure Costs. Developer and City recognize that the providing roadway maintenance and public safety service to the Project Area prior to the sale of X homes shall exceed revenues received by the City to provide such services. City shall calculate this shortfall and such shortfall shall be borne by Developer.

3.9.4 Special Items/Benefits. In recognition of the benefits conveyed by this Agreement, the Developer will contribute $250 per dwelling unit as a Public Benefit Fee. Said fee may be used toward the renovation of public buildings or public improvements for the benefit of the community as the City may deem appropriate. Payments of the Public Benefit Fee shall be made at the time that each building permit for a dwelling unit is issued by the City

3.10 Covenants, Conditions and Restrictions; Enforcement by City. Upon the recordation of each final subdivision map for the Project, Developer shall record against such portion of the Property a master set of covenants, conditions and restrictions ("CC&Rs") to require the development and use of the property to be consistent with the Project's General Development Plan and applicable design guidelines for the Project. The CC&Rs shall include the covenants that all structures and landscaping within the Project are to be built, installed and maintained in accordance with the adopted General Development Plan and subject to an obligation to obtain design approval prior to any construction or modification of such improvements. The CC&Rs shall provide that the City shall be a third party beneficiary thereof and may not be amended without the City's consent. As a third party beneficiary, the City shall have the right, but not the obligation, to review or enforce any covenant under the CC&Rs. The City shall not be obligated hereby to respond to any demands or complaints under the CC&Rs or otherwise take any action with respect thereto. The CC&Rs shall give the City the same rights as any other owner of record and enforce liens to recover the costs of such enforcement, which may include costs to perform maintenance obligations, remove trash or debris, tow any unlawfully parked vehicles, or other such violations, all at the cost of any defaulting party. The form of such CC&Rs shall be subject to review and approval by the City Attorney, which shall not be unreasonably withheld prior to recordation thereof and prior to any amendment thereof that may affect the City's enforcement rights thereunder. Any subsequent amendments to the City-approved CC&Rs shall be handled as an Administrative Amendment to this Agreement pursuant to Section 1.9.1 above. City acknowledges that Developer shall not be obligated by the foregoing to form a homeowner's association.

3.11 Fee Credits. In many instances throughout this Agreement, it is recognized that the Developer may be constructing items of public infrastructure and facilities, including but not limited to, roadways, landscaping, sewer lines, water lines, non-potable water lines and drainage facilities, that are part of one or more public infrastructure improvement programs adopted by the City to meet its current and future needs. Whenever Developer builds or otherwise provides an item of infrastructure for which the Developer would be entitled to fee credits under such programs (the "Fee Credits"), City agrees that the amount of the Fee Credit the City will give Developer will be equal to the maximum amount established by the PFE program for that particular item of infrastructure at the time of completion notwithstanding the Infrastructure Finance Plan.

3.12 Placer County Capital Facilities Fee. As a condition to annexation of the Property into the City and for the benefit of Placer County, City has adopted a County

Capital Facilities Fee, which shall be paid by Developer at the time of issuance of building permits at the Property.

3.13 Reimbursement to Elliott, Epick 3, Sliverado, Lake Development, and La Bella Rosa. Financing plan and new annexation costs will be spread evenly among Elliott, Epick 3, Silverado, Lake Development, and La Bella Rosa pursuant to the Infrastructure Finance Plan. [The existing Specific Plan reimbursement agreement for the Specific Plan Fee shall remain in place. Walk-Up only] City and Developer acknowledge that these Epick 3, Walkup, Enclave, and La Bella Rosa will form the Village 1 - Phase 1 Cooperative Owner's Agreement in additional to the Infrastructure Finance Plan.

3.14 Prevailing Wage. Developer intends that the application to the Project of all prevailing wage requirements under California law shall be limited to the maximum extent possible to minimize the construction costs to be incurred in the development of the Project, and it is Developer's position that such prevailing wage requirements are not intended to apply to any of the Project's Public Improvements constructed with private funds for which Developer does not receive Fee Credits, reimbursements, or public financing under Section 3.9. Developer further intends to construct the Project in such a manner so that neither the State nor any political subdivision of the State including, without limitation, the City, will contribute public funds, or the equivalent of public funds, to the overall Project in an amount which exceeds the costs required to construct the Public Improvements for which those public funds are provided, and neither the State nor any political subdivision shall maintain any proprietary interest in the Project. The City makes no representations as to the application of prevailing wage laws to this Project, or any component thereof.

ARTICLE 4

CITY OBLIGATIONS

4.1 PFE Credits. In its development of the Project, and subject to the requirements and limitations of the Mitigation Fee Act, Developer will either plan, design, permit and construct, or share in financing the planning, design, permitting and construction of certain public capital facilities of city-wide benefit which are either currently included or will be included in City's PFE Fee Program as a PFE facility ("PFE Facilities"), including, but not limited to, roadway, water, wastewater, reclaimed water, raw water, drainage, parks, police, fire, administration, library and solid waste capital facilities as identified in the Infrastructure Finance Plan. When Developer provides PFE Facilities, Developer shall receive Fee Credits against its PFE fee obligations in an amount equal to the line item's component cost of the PFE Facilities shown in City's PFE Fee Program ("Developer PFE Credits") in accordance with the Infrastructure Finance Plan. Developer shall continue to receive such Developer PFE Credits until such time as the amount of the Developer PFE Credits reaches a zero balance. If the amount of the Developer PFE Credits do not reach a zero balance prior to the issuance of the last building permit within the Project, City shall transfer the then existing credit balance held

by Developer to any additional property within the Village 1 Specific Plan area owned by Developer. Upon written notice to City using the City approved form, Developer may at any time freely transfer and assign any unused Developer PFE Credits to another developer or builder for use within such other developer's or builder's project within the Village 1 Specific Plan area without obtaining the City's consent. Per the Infrastructure Finance Plan, the City will collect impact fees from the development of Village 1 and use those funds to pay for those items that the City has identified as PFE eligible. These funds will not go into the City's general PFE funds, but will pay for Village 1 improvements first. Once the Village 1 PFE items are completed or fully funded, remaining PFE impact fees will go into the City's general PFE funds.

4.1.1 Accounting of PFE Credits. For purposes of calculating and applying Developer PFE Credits, City shall maintain a single pooled PFE Fee Program account for roadway, water, wastewater, reclaimed water, raw water, and drainage facilities against which all Developer PFE Credits for these facilities may be applied per the City's PFE Policy. City shall maintain separate accounts for parks, fire, police, library, administration and solid waste facilities against which all Developer PFE Credits for planning, design and/or constructing these facilities, or contributing funds to such planning, design, and/or construction of these separate facilities may be applied. City shall, at all times during the term of this Agreement, maintain an accounting of the then current balance of Developer PFE Credits and shall provide Developer in writing within sixty (60) days after City's receipt of a written request, with a current accounting of the then current balance of Developer PFE Credits.

4.1.2 Credits – PFE Critical Facilities. Consistent with Section 2.9 of this Agreement, Developer shall pay that portion of the PFE Fee Program's fee attributable to the cost of the PFE Fee Program's Critical Facilities that Developer does not construct.

4.1.3 PFE Credits Personal to Constructing Owner. All rights to Developer PFE Credits created pursuant to Section 4.1 above shall be personal to the owner installing the PFE Facility and such rights shall not run with the land, unless such rights are expressly assigned in writing to do so.

4.1.4 Cash Reimbursement for PFE Facilities. PFE reimbursements and credits shall be allocated according to the Infrastructure Finance Plan.

4.2. Infrastructure Finance Plan. City agrees to implement the Infrastructure Finance Plan, adopted _____, 2016 (the "Infrastructure and Finance Plan") making it applicable to all Developing Properties within the Village 1 Specific Plan, for the term of this Agreement. In adopting the Infrastructure Finance Plan the City has made the findings that the fees to be assessed are compliant with the Mitigation Fee Act. All projects within the Village 1 Specific Plan shall be conditioned to comply with the fee and reimbursement provisions of the Infrastructure Finance Plan.

4.2.1 Reimbursement to Developer from Third Party Landowners (insert APN numbers). In accordance with the Infrastructure Finance Plan, the City agrees to collect third party reimbursements due from Third Party Landowners at the first final maps.

4.2.2 Reimbursements for Public Improvements – Village 1 Plan Area Fee Program. As soon as feasible, following City's adoption of the Infrastructure Finance Plan, the City will form a fee district and enact a fee ordinance and thereby require landowners to pay their pro-rata share on a per-acre basis of the planning, design, engineering, inspection, plan check, permitting and construction costs for the Public Improvements. The fee district shall include the four fee components: Infrastructure, Neighborhood Park Development, Neighborhood Park Land Acquisition and Administration. City covenants and agrees that the funds collected by said fee district shall be utilized by City to make a cash reimbursement to developers as set forth in the Infrastructure Finance Plan. Funds collected and held for the fee district pursuant to the section shall earn interest at the same rate as the City receives from the Local Agency Investment Fund (LAIF). The City shall provide that the fees for such fee district shall be collected from all properties in the Village 1 Specific Plan at the earliest opportunity, such as a condition of approval at the time of the City's annexation of such land into the City limits or at the time of the City's first grant of any land use entitlement for any such benefitted properties owned or controlled by a third party landowner, but in no event later than the filing of a final subdivision map for any portion of the benefited property.

4.2.3 Finance Plan Reimbursement Fee. The City shall collect a reimbursement fee on behalf of the Village 1 property owners who advance-funded the cost to prepare the Infrastructure Finance Plan as set forth in the Finance Plan..

4.3 Reimbursements for Planning. After City Council adopted the Village 1 Specific Plan, City established a fee district and enacted a fee resolution which imposes a fee upon all lands within the Village 1 Specific Plan area, including the Property owned by Developer, to pay for the planning, engineering, staff and related costs (including but not limited to City staff and related costs) which relate to development of the Village 1 Specific Plan, its EIR, and all related documents (collectively "Village 1 Planning Costs"). The fee shall be spread on a per acre basis across all lands within the Village 1 Specific Plan area. The fee shall be payable at the time a landowner within the Village 1 Specific Plan area files an application with the City for any land use entitlement for such land. Lake Development is to receive the third-party reimbursement for the Village 1 Planning Costs in accordance with Resolution 2012-189 and Amendment 2013-076.

4.4 Reimbursement Calculations. Within sixty (60) days following City's receipt of Developer's written request, City will provide Developer with the complete documentation showing the basis for the Fee Credits or cash reimbursement amounts owed Developer pursuant to Sections 4.1 and 4.2. The reimbursement obligations provided in this Agreement will be in amounts as reasonably determined by City and as set by the Infrastructure Finance Plan. In addition to Final Reimbursement, Developer is

entitled to in progress reimbursement for projects included in the Infrastructure Finance Plan, given that money has been collected by the City as set in this plan.

4.5 City's Support of Public Financing for Project Infrastructure. Development of the Project requires the investment of significant capital to fund the Project's necessary major public infrastructure. Developer may, at its discretion, seek the use of public financing mechanisms for financing the construction, improvement or acquisition of major infrastructure. At the request of Developer, the City shall expeditiously pursue the use and formation of finance districts, special assessment districts, community facilities districts, community services districts, and other similar project-related public financing mechanisms to fund the Project's necessary infrastructure as contemplated by Section 3.9.

4.6 Right-of-Way Acquisition. With respect to the acquisition of any off-site interest in real property required by Developer in order to fulfill any condition required by the Project, the Entitlements or the Subsequent Entitlements, Developer shall make a good faith effort to acquire the necessary interest by private negotiations at the fair market value of such interest. If, after such reasonable efforts, Developer has been unable to acquire such interest and provided that Developer (i) provides evidence of a good faith effort to acquire the necessary property interest to the reasonable satisfaction of the City's Community Development Director and (ii) agrees to pay the cost of such acquisition, including reasonable attorneys' fees, then City shall make an offer to acquire the necessary property interest at its fair market value. If such offer has not been accepted within 60 days, City agrees, to the extent permitted by law, to cooperate and assist Developer in efforts to obtain such necessary property interest. Any such acquisition by City shall be subject to City's discretion, which is expressly reserved by City, to make the necessary findings, including a finding thereby of public necessity, to acquire such interest. Subject to the reservation of such discretion, the City shall schedule the necessary hearings, and if approved by City, thereafter prosecute to completion the proceedings and action to acquire the necessary property interests by power of eminent domain. Developer shall fund all costs of the acquisition of such necessary property interests, including reasonable attorneys' fees and court costs in the event that such acquisition and/or condemnation is necessary. The cost of rights-of-way for any PFE facility shall constitute a PFE cost and City shall take all necessary steps to include such costs in the PFE fee. As such, any costs incurred by the Developer in the acquisition of such rights-of-way shall be credited to Developer and against said PFE fee obligations for the development of the Project. In accordance with Government Code section 66462.5, City shall not postpone or refuse approval of a final map at the Property because Developer has failed to satisfy a tentative map condition because Developer has been unable to construct or install an offsite improvement on land not owned or controlled by Developer or City at the time the final map is filed with City for approval. If determined by City to be necessary, Developer agrees to enter into a subdivision improvement agreement with City and agrees to post any reasonably necessary security, such as a bond, in order to ensure the acquisition and construction of an offsite improvement on land not owned by Developer where the offsite improvement was a condition of approval for the Project. Notwithstanding the foregoing, in the event that the

City fails to acquire such off site property by negotiation or condemnation, the off-site improvements shall conclusively deemed to be waived and Developer shall not be obligated to commence construction of the off-site improvements in accordance with Government Code Section 66462.5.

4.7 Review and Approval of Improvement Plans and Final Maps. To complete the improvement plan and final map review, City agrees that it shall return first check prints to Developer no later than four (4) calendar weeks from the date of submittal to City. Upon receipt by City of the second submittal, City shall, provided that Developer adequately responds to City's comments on the first check prints, within two (2) weeks of City's receipt of such second submittal, review and verify that the plans submitted satisfactorily address all City comments. It is the intent of the review of the second submittal that it shall be solely for the purpose of verifying compliance with prior comments. Within two (2) weeks of City's receipt of completed plans and maps which are deemed ready for approval, plans shall be signed by the City Engineer and City staff shall place such maps on the next available City Council hearing agenda. If the City should determine, and notifies Developer of such determination, that the City will be unable to comply with this Section, then plan check and map review tasks shall be subcontracted to an outside service provider at Developer's request and expense.

4.7.1 Building Permits. City shall review a Construction Drawing Master Plan for each model home ("Master Plan") at the Property, and City and Developer shall endeavor to resolve all City plan check comments within forty-five (45) days after any application for each Master Plan is deemed complete by City. Recordation of a final map at the Property shall not be required prior to issuance of a building permit for model homes. Upon City approval of a Master Plan, and subject to receiving design review approvals from the City, City shall issue building permits for homes subject to that Master Plan within one (1) work week of City's acceptance of a complete building permit application and payment by Developer of City's then current plan check fee. In the event that an amendment to the Uniform Building Code ("UBC") results in the need to change the Master Plan, construction of residential units pursuant to the Master Plan shall be allowed to continue for a period of six (6) months from the date the State of California publishes notice of a change in the UBC which triggers a corresponding need for changes to the Master Plan.

4.8 Other Government Permits. Developer shall be responsible for applying for and obtaining approvals and permits required by other governmental agencies having jurisdiction over, or providing services to, the Project. To the extent possible, City shall cooperate with Developer in obtaining all such approvals and permits in as timely a manner as possible. City's obligations under this Section 4.8 include, without limitation, supporting Developer's application for a Section 404 Permit from the Corps.

4.9 Flood Control Designation. City agrees to cooperate with Developer and to expeditiously prepare, file and process an application to obtain a Conditional Letter of Map Revision (CLOMR) and/or a Letter of Map Revision (LOMR) from the Federal

Emergency Management Agency ("FEMA") to reflect portions of the Property brought out of the 100-year floodplain as a result of the construction of improvements.

ARTICLE 5

ANNUAL REVIEW

5.1 Annual Review.

A. During the term of this Agreement, the City shall once every calendar year review the extent of good faith compliance by Developer with the terms of this Agreement. Such periodic review shall be limited in scope to compliance with the terms and conditions of this Agreement pursuant to California Government Code section 65865.1. This review shall be conducted pursuant to Chapter 18.86 of the Lincoln Municipal Code. At least ten (10) days prior to any Planning Commission and City Council meetings held in connection with said annual review, the City shall provide Developer with a copy of the City staff report concerning Developer's compliance with the terms and provisions of this Agreement.

B. Upon not less than thirty (30) days' written notice by the Community Development Director, Developer shall provide such information as may be reasonably requested by the Community Development Director in order to ascertain Developer's compliance with this Agreement.

C. Failure by City in any given calendar year to undertake and complete its annual review of the Agreement shall constitute a finding by City that Developer is in compliance with all of the terms and conditions of this Agreement for that calendar year.

5.2 Estoppel Certificate. Any party to this Agreement and any Lender may, at any time, and from time to time, deliver written notice to the other party requesting such party to certify in writing that, to the knowledge of the certifying party, (i) the Agreement is in full force and effect and a binding obligation on the parties, (ii) the Agreement has not been amended or modified, either orally or in writing, and if so amended or modified, identifying the amendments or modifications, and (iii) as of the date of the estoppel certificate, the requesting party (or any party specified by a Lender) is not in default in the performance of its obligations under the Agreement, or if in default to describe therein the nature of any such default and the steps or actions to be taken by the other party reasonably necessary to cure any such alleged default. The party requesting the certificate shall pay all reasonable costs borne by the City to complete the certificate. A party receiving a request hereunder shall execute and return such certificate or give a written detailed response explaining why it will not do so within thirty (30) days following the receipt of such request. Each party acknowledges that such an estoppel certificate may be relied upon by third parties acting in good faith. An estoppel

certificate provided by City establishing the status of this Agreement shall be in recordable form and may be recorded at the expense of the recording party.

ARTICLE 6

DEFAULT, TERMINATION AND ENFORCEMENT

6.1 Defaults. Any failure by any party to perform any term or provision of this Agreement, which failure continues uncured for a period of thirty (30) days following the receipt of written notice of such failure from the other party (unless such period is extended by mutual written consent), shall constitute a default under this Agreement. Any notice given pursuant to the preceding sentence ("Default Notice") shall specify the nature of any alleged failure and, where appropriate, specify the manner in which said failure may be satisfactorily cured. Upon the occurrence of a default under this Agreement, the non-defaulting party may institute legal proceedings to enforce the terms of this Agreement or, in the event of an uncured material default, may terminate this Agreement. If the default is cured, then no default shall exist and the noticing party shall take no further action.

6.2 Termination. If City elects to consider terminating this Agreement due to an uncured material default of Developer, then City shall give a written notice of intent to terminate this Agreement to Developer and the matter shall be scheduled for consideration and review by the City Council at a duly noticed and conducted public hearing. At least ten (10) days prior to said hearing, City shall provide Developer with a copy of the City staff report concerning such proposed termination of this Agreement. Developer shall have the right to offer written and oral evidence prior to or at the time of said public hearing. If the City Council determines that a material default has occurred and is continuing, and elects to terminate this Agreement, City shall give written notice of termination of this Agreement to Developer by certified mail and this Agreement shall thereby be terminated sixty (60) days thereafter.

6.3 Force Majeure. Performance by any party of its obligations under this Agreement (other than for payment of money) shall be excused during any period of "Permitted Delay" as hereinafter defined. For purposes hereof, Permitted Delay shall include delay beyond the reasonable control of the party claiming the delay (and despite the good faith efforts of the party) including (i) acts of God, (ii) civil commotion, (iii) riots, (iv) acts of terrorism, (v) strikes, picketing or other labor disputes, (vi) shortage of materials, energy or supplies, (vii) damage to work in progress by reason of fire, flood, earthquake or other casualties, (viii) as to the Developer only, failure, delay or inability of City to provide adequate levels of public services, facilities or infrastructure to the Project site, (ix) failure, delay or inability of the other party to act, (x) with respect to completion of the Annual Review, the failure, delay or inability of any party to provide adequate information or substantiation as reasonably required to complete the Annual Review, (xi) delay caused by governmental restrictions imposed or mandated by other governmental entities, (xii) enactment of conflicting state or federal laws or regulations, (xiii) judicial

decisions or similar basis for excused performance, (xiv) litigation brought by a third party attacking the validity of this Agreement, (xv) the City's inability to issue or sell bonds necessary to finance any public facilities or infrastructure necessary for the Project's development and use, and (xvi) building moratoria, water connection moratoria or sewer connection moratoria. Any party claiming a Permitted Delay shall notify the other party in writing of such delay within thirty (30) days after the commencement of the delay, which notice ("Permitted Delay Notice") shall include the estimated length of the Permitted Delay. A Permitted Delay shall be deemed to occur for the time period set forth in the Permitted Delay Notice unless a party receiving the Permitted Delay Notice objects in writing within ten (10) days after receiving the Permitted Delay Notice. In the event of such objection, the parties shall meet and confer within thirty (30) days after the date of objection with the objective of attempting to arrive at a mutually acceptable solution to the disagreement regarding the Permitted Delay. If no mutually acceptable solution can be reached any party may take action as may be permitted under Section 6.1 of this Agreement.

6.4 Legal Action. In addition to any other rights or remedies, any party may institute legal action to cure, correct or remedy any default, to specifically enforce any covenant or agreement herein, or to enjoin any threatened or attempted violation. Notwithstanding anything in this Agreement to the contrary, the Parties acknowledge that the City would not have entered into this Agreement had it been exposed to liability for damages from Developer, and that therefore, Developer hereby waives any and all claims for damages against the City for breach of this Agreement. Developer further acknowledges that as an instrument which must be approved by ordinance, a development agreement is subject to referendum; and that under law, the City Council's discretion to avoid a referendum by rescinding its approval of the underlying ordinance may not be constrained by contract, and Developer waives all claims for damages against the City in this regard. Nothing in this section is intended to nor does it limit Developer's or the City's rights to equitable remedies as permitted by law.

ARTICLE 7

DEFENSE AND INDEMNITY / HOLD HARMLESS

7.1 Defense and Indemnity. Developer shall indemnify, defend and hold City, its elected and appointed commissions, officers, agents, and employees harmless from and against any and all actual and alleged damages, claims, costs and liabilities, arising out of this Agreement, including, without limitation, contractual and statutory claims, and those arising out of the personal injury or death of any third party, or damage to the property of any third party, to the extent such damages, claims, costs or liabilities arose out of or in connection with the Agreement or the operations of the Project under this Agreement by Developer or by Developer's contractors, subcontractors, agents or employees, provided that Developer shall not be obligated to indemnify, defend, or hold City harmless for damages, claims, costs and liabilities arising out of the City's sole negligence or willful misconduct. Nothing in this Article 7 shall be construed to mean

that Developer shall defend, indemnify or hold City harmless from any damages, claims, costs or liabilities arising from, or alleged to arise from, activities associated with the maintenance or repair by City or any other public agency of improvements that have been offered for dedication and accepted by City or such other public agency. City and Developer may from time to time enter into subdivision improvement agreements, as authorized by the California Subdivision Map Act, or other agreements related to the Project, which agreements may include defense and indemnity provisions different from those contained in this Article 7. In the event of any conflict between such provisions in any such subdivision improvement agreements or other project agreements and the provisions set forth above, the provisions of such subdivision improvement agreement or other project agreements shall prevail.

ARTICLE 8

COOPERATION IN THE EVENT OF LEGAL CHALLENGE

8.1 Cooperation. In the event of any administrative, legal, or equitable action or other proceeding instituted by any person not a party to this Agreement challenging the validity of any provision of any of the Entitlements, Subsequent Entitlements or this Agreement, the parties shall cooperate in defending such action or proceeding to dismissal, settlement or final judgment. Each party shall select its own legal counsel, and Developer shall pay the City's legal defense fees and costs, including attorneys' fees, consistent with Developer's obligations under section 7.1. In no event shall City be required to bear the fees or costs of Developer, including Developer's attorneys' fees. City agrees that it will support any efforts made by Developer to intervene or join as a party in any such administrative, legal or equitable proceedings if Developer was not named as a party therein. In the event of an award by the court or by an arbitrator of attorneys' fees to a party challenging this Agreement or any of the Entitlements or Subsequent Entitlements, then Developer shall be liable for satisfying the payment of any such award of third party's attorneys' fees only if Developer continued to contest such litigation or legal challenge to a final judgment or other final determination, rather than settling it when City proposed to settle the matter.

8.2 Court Judgment or Order. City and Developer shall meet and endeavor, in good faith to attempt to reach agreement on any amendments needed to allow development of the Property to proceed in a reasonable manner taking into account the terms and conditions of the court's judgment or order. If agreement is reached, the procedures for amending this Agreement as specified herein shall apply. If agreement is not reached, Developer shall have the right to terminate this Agreement by giving City sixty (60) days' notice of termination. In the event that amendment of this Agreement is not required, and the court's judgment or order requires City to engage in other or further proceedings, City agrees to comply with the terms or the judgment or order expeditiously.

ARTICLE 9

MISCELLANEOUS PROVISIONS

9.1 Authority to Execute Agreement. The person or persons executing this Agreement on behalf of Developer warrant and represent that they have the authority to execute this Agreement and the authority to bind Developer to the performance of its obligations hereunder.

9.2 Cancellation or Modification. In addition to the rights provided the parties in Article 5 of this Agreement with respect to the City's Annual Review, and Sections 6.1 and 6.2 of this Agreement as to default and termination, any Party may propose cancellation or modification of this Agreement pursuant to Government Code section 65868, but such cancellation or modification shall require the consent of any Parties hereto retaining any legal interest in the Property or any portion thereof.

9.3 Consent. Where consent or approval of a Party is required or necessary under this Agreement, such consent or approval shall not be unreasonably withheld, conditioned or delayed.

9.4 Interpretation of Agreement. All Parties have been represented by legal counsel in the preparation of this Agreement and no presumption or rule that ambiguity shall be construed against a drafting Party shall apply to interpretation or enforcement hereof. Captions on sections and subsections are provided for convenience only and shall not be deemed to limit, amend or affect the meaning of the provision to which they pertain.

9.5 California Law. This Agreement shall be construed and enforced in accordance with the laws of the State of California. City and Developer shall each comply with all applicable laws in the performance of their respective obligations under this Agreement

9.6 No Joint Venture or Partnership. City and Developer hereby renounce the existence of any form of joint venture, partnership or other association between the City and Developer, and agree that nothing in this Agreement or in any document executed in connection with it shall be construed as creating any such relationship between City and Developer.

9.7 Covenant of Good Faith and Fair Dealing. No Party shall do anything which shall have the effect of injuring the right of another Party to receive the benefits of this Agreement or do anything which would render its performance under this Agreement impossible. Each Party shall perform all acts contemplated by this Agreement to accomplish the objectives and purposes of this Agreement.

9.8 Partial Invalidity Due to Governmental Action. In the event state or federal laws or regulations enacted after the Effective Date of this Agreement, or formal

action of any governmental jurisdiction other than City, prevent compliance with one or more provisions of this Agreement, or require changes in plans, maps or permits approved by City, the Parties agree that the provisions of this Agreement shall be modified, extended or suspended only to the minimum extent necessary to comply with such laws or regulations.

9.9 Further Actions and Instruments. The parties agree to provide reasonable assistance to the other and cooperate to carry out the intent and fulfill the provisions of this Agreement. Each of the parties shall promptly execute and deliver all documents and perform all acts as necessary to carry out the matters contemplated by this Agreement.

9.10 No Third Party Beneficiaries. This Agreement is made and entered into for the sole protection and benefit of the parties and their successors and assigns. No other person shall have any right of action based upon any provision of this Agreement.

9.11 No Waiver. No delay or omission by a party in exercising any right or power accruing upon non-compliance or failure to perform by another party under the provisions of this Agreement shall impair any such right or power or be construed to be a waiver. A waiver by a party of any of the covenants or conditions to be performed by another party shall not be construed as a waiver of any succeeding breach or non-performance of the same or other covenants and conditions thereof.

9.12 Severability. If any provision of this Agreement shall be adjudicated to be invalid, void or illegal, it shall in no way affect, impair or invalidate any other provision, and, with the exception of such provision found invalid, void or illegal, this Agreement shall remain in full force and effect.

9.13 Recording. Pursuant to California Government Code section 65868.5, no later than ten (10) days after City enters into this Agreement, the City Clerk shall record an executed copy of this Agreement in the official records of the Placer County Recorder's Office and thereafter provide Developer with a copy of the recorded Agreement.

9.14 Attorneys' Fees. Should any legal action be brought by any party for breach of this Agreement or to enforce any provisions herein, the prevailing party shall be entitled to reasonable attorneys' fees, court costs and other costs as may be fixed by the Court. Attorneys' fees shall include attorneys' fees on any appeal, and in addition a party entitled to attorneys' fees shall be entitled to all other reasonable costs for investigating such actions, taking depositions and discovery, and all other necessary costs incurred in the litigation.

9.15 Venue. Any action arising out of this Agreement shall be brought in Placer County, California, regardless of where else venue may lie.

9.16 Time is of the Essence. Time is of the essence of each and every provision of this Agreement.

9.17 Several Obligations of Owners. Notwithstanding anything to the contrary contained herein, no default in the performance of a covenant or obligation in this Agreement with respect to a particular portion of the Property shall constitute a default applicable to any other portion of the Property, and any remedy arising by reason of such default shall be applicable solely to the portion of the Property where the default has occurred. Similarly, the obligations of Developer and any successor in interest thereof shall be several and no default hereunder in performance of a covenant or obligation by any one of them shall constitute a default applicable to any other owner who is not affiliated with such defaulting owner, and any remedy arising by reason of such default shall be solely applicable to the defaulting owner and the portion of the Property owned by such defaulting owner.

ARTICLE 10

PROVISIONS RELATING TO LENDERS

10.1 Lender Rights and Obligations.

10.1.1 Prior to Lender Possession. No Lender shall have any obligation or duty under this Agreement prior to the time the Lender obtains possession of the Property to construct or complete the construction of improvements, or to guarantee such construction or completion, and shall not be obligated to pay any fees or charges which are liabilities of Developer or Developer's successors-in-interest prior to Lender's possession of the Property, but such Lender shall otherwise be bound by all of the terms and conditions of this Agreement which pertain to the Property or such portion thereof in which it holds an interest. Nothing in this Section shall be construed to grant to a Lender rights beyond those of the Developer hereunder or to limit any remedy City has hereunder in the event of default by Developer, including termination or refusal to grant subsequent additional land use entitlements with respect to the Property.

10.1.2 Lender in Possession. A Lender who comes into possession of the Property, or any portion thereof, pursuant to foreclosure of a mortgage or deed of trust, or a deed in lieu of foreclosure, shall not be obligated to pay any fees or charges which are obligations of Developer and which remain unpaid as of the date such Lender takes possession of the Property or any portion thereof. Provided, however, that a Lender shall not be eligible to apply for or receive entitlements with respect to the Property, or otherwise be entitled to develop the Property or devote the Property to any uses or to construct any improvements thereon other than the development contemplated or authorized by this Agreement and subject to all of the terms and conditions hereof, including payment of all fees (delinquent, current and accruing in the future) and charges, and assumption of all obligations of Developer hereunder; provided, further, that no Lender, or successor thereof, shall be entitled to the rights and benefits of the Developer hereunder or entitled to enforce the provisions of this Agreement against City unless and until such Lender or successor in interest qualifies as a recognized assignee of this

Agreement and makes payment of all delinquent and current City fees and charges pertaining to the Property.

10.1.3 Notice of Developer's Default Hereunder. If City receives notice from a Lender requesting a copy of any notice of default given Developer hereunder and specifying the address for notice thereof, then City shall deliver to such Lender, concurrently with service thereon to Developer, any notice given to Developer with respect to any claim by City that Developer has committed a default, and if City makes a determination of non-compliance, City shall likewise serve notice of such non-compliance on such Lender concurrently with service thereof on Developer.

10.1.4 Lender's Right to Cure. Each Lender shall have the right, but not the obligation, during the same period of time available to Developer to cure or remedy, on behalf of Developer, the default claimed or the areas of non-compliance set forth in City's notice. Such action shall not entitle a Lender to develop the Property or otherwise partake of any benefits of this Agreement unless such Lender shall assume and perform all obligations of Developer hereunder.

10.1.5 Other Notices by City. A copy of all other notices given by City to Developer pursuant to the terms of this Agreement shall also be sent to Lender at the address provided in Section 10.1.3 above.

ARTICLE 11

ENTIRE AGREEMENT AND EXHIBITS

11.1 Integration Clause and List of Exhibits. This Agreement consists of _____ pages and _____ Exhibits which constitute in full the final and exclusive understanding and agreement of the parties and supersedes all negotiations or previous agreements of the parties with respect to all or any part of the subject matter hereof. The following exhibits are attached to this Agreement and are hereby incorporated herein for all purposes:

Exhibit A	Map of the Property
Exhibit B	Legal Description of the Property
Exhibit C	General Development Plan
Exhibit D	Land Use Diagram for the Property
Exhibit E	Approved Tentative Map
Exhibit F	Phasing Map
Exhibit G	Conditions of Approval
Exhibit H	Development Impact Fees (As of Effective Date)
Exhibit I	Village 1 Phasing Map
Exhibit J	Infrastructure Finance Plan
Schedule 1	City Services

IN WITNESS WHEREOF, the City of Lincoln, a municipal corporation, has authorized the execution of this Agreement in duplicate by its City Manager and attestation by its City Clerk under authority of Ordinance No. _____, adopted by the City Council of the City of Lincoln on the _____ day of _____, 20__, and Developer has caused this Agreement to be executed.

City:
City of Lincoln,
A Municipal Corporation

By: _____

Name: _____

Title: City Manager

ATTEST:

_____
City Clerk

APPROVED AS TO FORM:

_____
City Attorney

Developer:
_____,
A _____

By: _____,
A _____
Its: _____

By: _____

Name: _____
Its: Authorized Agent

1658

Dated: _____

STATE OF _____)
) ss.
COUNTY OF _____)

On_____before me,_____, (here insert name and title of the officer), personally appeared**,** _____who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct.
WITNESS my hand and official seal.

Signature _____(Seal)

STATE OF _____)
) ss.
COUNTY OF _____)

On_____before me,_____, (here insert name and title of the officer), personally appeared _____**,** who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct.
WITNESS my hand and official seal.

Signature _____(Seal)

ATTACHMENTS 2 - Template Development Agreement Staff Report for Planning Commission
POSTED ON WEBSITE AND INCLUDED IN 9/6/2016 WORK SESSION PACKET

11C

CITY COUNCIL REPORT

SUBJECT: Parks and Facilities No Smoking Ordinance

SUBMITTED BY: Jennifer Hanson, Public Services Director

DEPARTMENT: Public Services

DATE: September 13, 2016

STRATEGIC RELEVANCE: Infrastructure

STAFF RECOMMENDATION(S):

Information item intended to obtain input from Council.

BACKGROUND / INTRODUCTION:

There are inherent dangers associated with secondhand smoke in and around areas frequented by children. Currently, state law prohibits smoking within twenty-five feet of “tot lots” and “playgrounds” and provides authority for cities to enhance those restrictions in the interest of the public’s health, safety and welfare. Additional legislation is being considered by the State that would further restrict smoking in state owned facilities.

According to the National Cancer Institute, the United States Department of Health and Human Service, and the California Air Resources Board, secondhand smoke (also called environmental tobacco smoke) can contain more than 4,000 chemicals, at least 250 of which are known to be harmful to human health, and 50 chemicals that are known to cause cancer. Exposure to second hand smoking not only can cause harmful impacts to children, but also can increase the rate of children and teens smoking.

In consideration of the foregoing, on June 15, 2016, the Parks and Recreation Committee unanimously supported presenting a Parks and Facilities No Smoking Ordinance to City Council for consideration. In order to develop the proposed ordinance, staff would like to receive input from City Council on the following items:

- Is there general support on the Council for No Smoking Ordinance?
- If so, should the ordinance apply to parks and facilities?
    - Option 1 Parks and Facilities
    - Option 2 Parks Only
    - Option 3 Facilities Only
- Should the ordinance apply to the entire facility or park or should there be an identified smoking area?

  - Option 1 The Entire Park: Apply ordinance to the entire park.
  - Option 2 Identify Designated Smoking Areas: Many of the parks and facilities hold party type events for adults where smoking may occur. For example, the parking lot at McBean Park could be designated for smoking.

- Should the ordinance apply to the smoking of any substance and to electronic cigarettes?
  - Option 1 Cigarettes Only
  - Option 2 Cigarettes and E-Cigarettes
  - Option 3 Cigarettes, E-Cigarettes, and Any Other Smoked Substance

- Should violation of the ordinance result in a citation and a monetary penalty and/or eviction from the park or facility?
  - Option 1 Monetary Penalty per Current Municipal Code: Currently, the municipal code provides for enforcement in Chapter 1.16 General Penalty through the issuance of penalties when a specific section of the code does not provide for a separate standalone penalty. Under Chapter 1.16 a first offence would be punished by a fine not exceeding one hundred dollars; a second offence in the same calendar year as the first would be punished by a fine not exceeding two hundred dollars; and a third offence in the same calendar year as the second offence would be punished by a fine not exceeding five hundred dollars.
  - Option 2 Establish a Separate Monetary Punishment: A separate monetary punishment could be established through the No Smoking Ordinance that is less or greater than the monetary penalty allowed for in Chapter 1.16.
  - Option 3 Monetary Penalty per Current Municipal Code Chapter 12.20: Chapter 12.20 Parks provides for ejection from parks for violation of any regulation contained in the chapter or for punishment by a fine not to exceed $100 for any violation of the provisions of the chapter.

Implementation: Due to the staff shortage in the Police Department, it is anticipated that the enforcement of a No Smoking Ordinance would largely rely on self-policing by users of the City's park and facilities and that it is not intended for the Police Department to actively enforce the ordinance. If such an ordinance is adopted by Council, staff recommends the implementation of a public outreach program that would consist of social media postings, a notice in the Recreation Guide, notice to all sporting groups, and installation of signage at the parks.

11D

City Council Report

SUBJECT: Resolution of the Successor Agency to the Dissolved Redevelopment Agency of the City of Lincoln authorizing the issuance of its tax allocation refunding bonds, series 2016; approving forms of an indenture and a purchase contract; making certain determinations relating thereto; and authorizing certain other action in connection therewith

SUBMITTED BY: Steve Ambrose, Director of Support Services

DEPARTMENT: Support Services

DATE: September 13, 2016

STRATEGIC RELEVANCE: Infrastructure

STAFF RECOMMENDATION:

Staff recommends adoption of the resolution of the Successor Agency to the Dissolved Redevelopment Agency of the City of Lincoln:

1. Authorizing the issuance of its tax allocation refunding bonds, series 2016, in one or more series
2. Approving forms of an indenture and a purchase contract
3. Making certain determinations relating thereto.

BACKGROUND / INTRODUCTION:

The dissolved Redevelopment Agency of the City of Lincoln (the "Dissolved RDA") was a redevelopment agency, a public body, corporate and politic duly created, established and authorized to transact business and exercise its powers, all under and pursuant to the Community Redevelopment Law (Part 1 of Division 24 of the Health and Safety Code of the State of California and referred to herein as the "Law") and the powers of such Dissolved Agency and its successor include the power to issue bonds for any of its corporate purposes.

California Assembly Bill No. 26 (First Extraordinary Session) ("ABX1 26") adopted on June 29, 2011, dissolved all redevelopment agencies and community development agencies in existence in the State of California, as of February 1, 2012, and designated "successor agencies" and "oversight boards" to satisfy "enforceable obligations" of the dissolved redevelopment agencies and administer dissolution and wind down of the dissolved redevelopment agencies.

The City of Lincoln (the "City") agreed to serve as the Successor Agency to the Redevelopment Agency of the City of Lincoln (referred to herein as the "Successor Agency") to the Dissolved RDA commencing upon the dissolution of the Dissolved RDA on February 1, 2012 pursuant to ABX1 26.

On June 27, 2012 as part of the Fiscal Year 2012-13 State of California budget bill, the Governor signed into law Assembly Bill 1484 ("AB 1484"), which modified or added to certain provisions of ABX1 26, including provisions related to the refunding of outstanding redevelopment agency bonds and the expenditure of remaining bond proceeds derived from redevelopment agency bonds issued on or before December 31, 2010.

FINDINGS/ANALYSIS

Health & Safety Code Section 34177.5(a) authorizes successor agencies to refund outstanding bonds provided that (i) the total interest cost to maturity on the refunding bonds or other indebtedness plus the principal amount of the refunding bonds or other indebtedness shall not exceed the total remaining interest cost to maturity on the bonds or other indebtedness to be refunded plus the remaining principal of the bonds or other indebtedness to be refunded, and (ii) the principal amount of the refunding bonds or other indebtedness shall not exceed the amount required to defease the refunded bonds or other indebtedness, to establish customary debt service reserves, and to pay related costs of issuance.

The Successor Agency has solicited a report of an independent financial advisor presenting a savings analysis and employed such advisor in developing financing proposals for consideration by the Successor Agency and it is understood that such report, as it may be further revised, will be made available to the Oversight Board and may be made available to the Department of Finance at its request.

CONCLUSION:

Subject to compliance with the requirements of Health & Safety Code Section 34177.5, the Successor Agency should consider the issuance of Successor Agency to the Redevelopment Agency of the City of Lincoln Tax Allocation Refunding Bonds, Series 2016, in one or more series, on a federally tax exempt

and/or taxable basis (the "Refunding Bonds"), for the purpose of (i) refinancing certain redevelopment activities of the Dissolved RDA through the refunding of the bonds (collectively, the "Refunded Bonds"); (ii) paying the costs of issuing the Refunding Bonds, (iii) funding or financing a reserve account for the Refunding Bonds, if necessary; and (iv) if advisable, paying for the cost of municipal bond insurance and/or a surety to fund a reserve account for the Refunding Bonds.

City staff recommends the approval of the following appointments of the financing team:

- Piper Jaffrey & Co. as Underwriter
- Orrick, Herrington and Sutcliffe LLP as Bond Counsel and Disclosure Counsel
- Public Financial Management, Inc. as Financial Advisor

The Refunding Bonds would be issued pursuant to an Indenture of Trust (the "Indenture") between the Successor Agency and U.S. Bank, N.A., or such other trust bank as may by designated and approved by an Authorized Officer, as trustee (the "Trustee").

A potential savings that could apply to the bond issue is the purchase of municipal bond insurance or a debt service reserve fund surety bond. To allow an efficient process of a bond issue, it is recommended that the City provide that an Authorized Officer could determine the advantage to the Successor Agency to purchase municipal bond insurance or a debt service reserve fund surety bond with respect to some or all of the Refunding Bonds and that such officer could be authorized (a) to purchase such insurance or surety bond on behalf of the Successor Agency at market rates, and (b) to make such changes to the agreements and documents relating to the Refunding Bonds as may be needed to obtain such insurance or surety bond. The Mayor, City Manager and Director of Support Services of the City of Lincoln, would be considered an Authorized Officer.

ALTERNATIVES:

The City Council may take the following action:

1. Adopt the attached resolution approving the resolution of the Successor Agency to the Dissolved Redevelopment Agency of the City of Lincoln:
    - Authorizing the issuance of its tax allocation refunding bonds, series 2016, in one or more series
    - Approving forms of an indenture and a purchase contract
    - Making certain determinations relating thereto.

2. Provide staff with additional direction.

FISCAL IMPACT:

The analysis prepared by the independent financial advisor projected an annual savings of $235,000 through 2026, and an annual savings of $36,000 for the years 2027 to 2033.

The Successor Agency can also recover its costs of issuance with respect to the Refunding Bonds including the cost of reimbursing the Successor Agency for staff time and costs spent with respect to the Refunding Bonds.

CITY MANAGER REVIEW OF CONTENT:

APPROVED AS TO LEGAL FORM:

ATTACHMENTS:

- No. 1 – Resolution
- No. 2 – Indenture
- No. 3 – Bond Purchase Agreement

11D

ATTACHMENT No. 1 – Resolution

RESOLUTION NO. SA-__

RESOLUTION OF THE SUCCESSOR AGENCY TO THE DISSOLVED REDEVELOPMENT AGENCY OF THE CITY OF LINCOLN AUTHORIZING THE ISSUANCE OF ITS TAX ALLOCATION REFUNDING BONDS, SERIES 2016; APPROVING FORMS OF AN INDENTURE AND A PURCHASE CONTRACT; MAKING CERTAIN DETERMINATIONS RELATING THERETO; AND AUTHORIZING CERTAIN OTHER ACTION IN CONNECTION THEREWITH

WHEREAS, the dissolved Redevelopment Agency of the City of Lincoln (the "Dissolved RDA") was a redevelopment agency, a public body, corporate and politic duly created, established and authorized to transact business and exercise its powers, all under and pursuant to the Community Redevelopment Law (Part 1 of Division 24 of the Health and Safety Code of the State of California and referred to herein as the "Law") and the powers of such Dissolved Agency and its successor include the power to issue bonds for any of its corporate purposes;

WHEREAS, a redevelopment plan for a redevelopment project known and designated as the "Central Lincoln Redevelopment Project" has been adopted and approved and all requirements of law for, and precedent to, the adoption and approval of said plan have been duly complied with;

WHEREAS, California Assembly Bill No. 26 (First Extraordinary Session) ("ABX1 26") adopted on June 29, 2011, dissolved all redevelopment agencies and community development agencies in existence in the State of California, as of February 1, 2012, and designated "successor agencies" and "oversight boards" to satisfy "enforceable obligations" of the dissolved redevelopment agencies and administer dissolution and wind down of the dissolved redevelopment agencies;

WHEREAS, the City of Lincoln (the "City") agreed to serve as the Successor Agency to the Redevelopment Agency of the City of Lincoln (referred to herein as the "Successor Agency") to the Dissolved RDA commencing upon the dissolution of the Dissolved RDA on February 1, 2012 pursuant to ABX1 26;

WHEREAS, on June 27, 2012 as part of the Fiscal Year 2012-13 State of California budget bill, the Governor signed into law Assembly Bill 1484 ("AB 1484"), which modified or added to certain provisions of ABX1 26, including provisions related to the refunding of outstanding redevelopment agency indebtedness and the expenditure of remaining bond proceeds derived from redevelopment agency bonds issued on or before December 31, 2010;

WHEREAS, California Health and Safety Code Section 34177.5(a) authorizes successor agencies to refund outstanding bonds and other indebtedness provided that (i) the total interest cost to maturity on the refunding bonds or other indebtedness plus the principal amount of the refunding bonds or other indebtedness shall not exceed the total remaining interest cost to maturity on the bonds or other indebtedness to be refunded plus the remaining principal of the bonds or other indebtedness to be refunded, and (ii) the principal amount of the refunding bonds

or other indebtedness shall not exceed the amount required to defease the refunded bonds or other indebtedness, to establish customary debt service reserves, and to pay related costs of issuance;

WHEREAS, the Successor Agency has solicited a report of an independent financial advisor presenting a savings analysis (a copy of which is presented at this meeting) and employed such advisor in developing financing proposals for consideration by the Successor Agency and it is understood that such report, as it may be further revised, may be made available to the California Department of Finance at its request;

WHEREAS, subject to compliance with the requirements of California Health and Safety Code Section 34177.5, the Successor Agency is preliminarily considering the issuance of Successor Agency to the Dissolved Redevelopment Agency of the City of Lincoln Tax Allocation Refunding Bonds, Series 2016, in one or more series, on a federally tax exempt and/or taxable basis (the "Refunding Bonds"), for the purpose of (i) refinancing certain redevelopment activities of the Dissolved RDA through the prepayment of all or a portion of the obligation identified on Exhibit A attached hereto (the "Prior Obligation"); (ii) paying the costs of issuing the Refunding Bonds, (iii) funding or financing a reserve account for the Refunding Bonds, if necessary; and (iv) if advisable, paying for the cost of municipal bond insurance and/or a surety to fund a reserve account for the Refunding Bonds;

WHEREAS, there are potential debt service savings that can be achieved through a prepayment of all or a portion of the Prior Obligation, and the Successor Agency has determined to issue its Refunding Bonds for the purpose of (i) prepaying all or a portion of the Prior Obligation, (ii) paying the costs of issuing the Refunding Bonds, (iii) funding a reserve account for the Refunding Bonds and (iv) if advisable, paying for the cost of municipal bond insurance and/or a surety to fund the reserve account for the Refunding Bonds in lieu of funding all or a portion of such reserve account with bond proceeds;

WHEREAS, the Refunding Bonds will be issued pursuant to an Indenture of Trust (the "Indenture") between the Successor Agency and MUFG Union Bank, N.A., or such other trust bank as may by designated and approved by an Authorized Officer (as defined below), as trustee (the "Trustee"); and

WHEREAS, the possible outstanding obligation of the Dissolved RDA proposed to be refunded is described in Exhibit A attached hereto;

NOW, THEREFORE, THE CITY OF LINCOLN ACTING AS SUCCESSOR AGENCY TO THE DISSOLVED REDEVELOPMENT AGENCY OF THE CITY OF LINCOLN DOES HEREBY RESOLVE AS FOLLOWS:

Section 1. Approval of Refunding. The Successor Agency is hereby authorized to proceed with the prepayment of all or a portion of the Prior Obligation, to the extent permitted under California Health and Safety Code Section 34177.5(a), and subject to the review and approval of the Successor Agency's Oversight Board and the California Department of Finance.

Section 2. Approval of Issuance of Refunding Bonds. The issuance of not to exceed $10,250,000 aggregate principal amount of Successor Agency to the Dissolved Redevelopment

Agency of the City of Lincoln Tax Allocation Refunding Bonds, Series 2016, in one or more series, subject to or exempt from gross income for federal income tax purposes, for the purpose of (i) prepaying all or a portion of the Prior Obligation, (ii) paying the costs of issuing the Refunding Bonds, (iii) funding or financing a reserve account for the Refunding Bonds, if necessary; and (iv) if advisable, paying for the cost of municipal bond insurance and/or a surety to fund a reserve account for the Refunding Bonds, is hereby authorized and approved. The Refunding Bonds are authorized to be executed by the manual or facsimile signature of the Mayor of the City, acting on behalf of the Successor Agency, and attested by the manual or facsimile signature of the City Clerk, acting on behalf of the Successor Agency. The Refunding Bonds, when so executed, are authorized to be delivered to the Trustee for authentication.

Section 3. Approval of Indenture. The form of Indenture, presented at this meeting is hereby approved and the Mayor, the City Manager or the Director of Support Services of the City (each an "Authorized Officer") are each hereby individually authorized and directed, for and in the name of and on behalf of the Successor Agency, to execute, acknowledge and deliver the Indenture in substantially the form presented at this meeting with such changes therein as the officer executing the same may approve, such approval to be conclusively evidenced by the execution and delivery thereof. The date, maturity date or dates, interest rate or rates, interest payment dates, terms of redemption and other terms of the Refunding Bonds shall be as provided in the Indenture as finally executed.

Section 4. Approval of Purchase Contract. The form of Purchase Contract (the "Purchase Contract"), between the Successor Agency and one or more broker-dealers to serve as underwriter, or underwriters, to be designated (the "Underwriter"), presented at this meeting is hereby approved and the Authorized Officers are each hereby individually authorized and directed, for and in the name of and on behalf of the Successor Agency, to execute, acknowledge and deliver the Purchase Contract in substantially the form presented at this meeting with such changes therein as the officers executing the same may approve, such approval to be conclusively evidenced by the execution and delivery thereof; provided, however, that the true interest cost of the Refunding Bonds shall not exceed 4.0%, the underwriter's discount (exclusive of original issue discount) shall not exceed 1.0%, the maturity of the Refunding Bonds date shall not exceed the maximum permitted under the Law, and, as required by California Health and Safety Code Section 34177.5, (i) the total interest cost to maturity on the Refunding Bonds plus the principal amount of the Refunding Bonds shall not exceed the total remaining interest cost to maturity on the bonds or other indebtedness to be refunded plus the remaining principal of the bonds or other indebtedness to be refunded, and (ii) the principal amount of the Refunding Bonds shall not exceed the amount required to prepay the Prior Obligation, to establish customary debt service reserves, and to pay related costs of issuance.

Section 5. Bond Insurance and Surety Bond. If an Authorized Officer determines that it will be advantageous to the Successor Agency to purchase municipal bond insurance or a debt service reserve fund surety bond with respect to some or all of the Refunding Bonds, such officer is hereby authorized (a) to purchase such insurance or surety bond on behalf of the Successor Agency at market rates, and (b) to make such changes to the agreements and documents relating to the Refunding Bonds as may be needed to obtain such insurance or surety bond. In connection with any such surety bond, each Authorized Officer is hereby severally authorized and directed to execute and deliver an agreement on behalf of the Successor Agency,

in such form as approved by such Authorized Officer, with the provider of such surety bond pursuant to which the Successor Agency would agree to reimburse such provider for any draws under such surety bond and to pay such provider any other fees and expenses related thereto as such Authorized Officer shall approve, such approval (and the approval by the Authorized Officer of the form of such agreement) to be conclusively evidenced by the execution and delivery of such agreement.

Section 6. Mayor, City Manager and Director of Support Services. The Mayor, City Manager and Director of Support Services of the City of Lincoln, each acting for and on behalf of the Successor Agency, are hereby authorized to take whatever action may be necessary to carry out the purposes of this Resolution pursuant to ABX1 26 and AB 1484.

Section 7. Recovery of Costs. The Successor Agency is hereby authorized to recover its costs of issuance with respect to the Refunding Bonds including the cost of reimbursing the Successor Agency for staff time and costs spent with respect to the Refunding Bonds.

Section 8. Bond Issuance Services. Piper Jaffray & Co., is hereby appointed as Underwriter, Orrick, Herrington and Sutcliffe LLP is hereby appointed as Bond Counsel and Disclosure Counsel, and Public Financial Management, Inc. is hereby appointed as Financial Advisor. The Director of Support Services, acting for the Successor Agency, is authorized to execute contracts for such services and any other related services as may be required to prepay the Prior Obligation of the Dissolved RDA proposed to be prepaid through the issuance of the Refunding Bonds.

Section 9. Other Acts. The officers and staff of the City, acting on behalf of the Successor Agency, are hereby authorized and directed, jointly and severally, to do any and all things, to execute and deliver any and all documents, including, if necessary, an escrow deposit agreement for payment of the Prior Obligation, which in consultation with Orrick, Herrington & Sutcliffe LLP, the Successor Agency's Bond Counsel, they may deem necessary or advisable in order to consummate the issuance, sale and delivery of the Refunding Bonds, the refunding of the Prior Obligation, or otherwise effectuate the purposes of this Resolution, and any and all such actions previously taken by such officers or staff members are hereby ratified and confirmed.

Section 10. Effective Date. This Resolution shall take effect upon adopted.

PASSED and ADOPTED this 13th day of September, 2016.

_____
Chairperson

ATTESTED:

_____
Agency Clerk

EXHIBIT A

Description of the Prior Obligation

Description of Obligation	Principal Amount Borrowed	Prepayment Price	Earliest Prepayment Date
Loan Agreement among the Successor Agency to the Dissolved Redevelopment Agency of the City of Lincoln, as successor to the Redevelopment Agency of the City of Lincoln; the Lincoln Public Financing Authority; and U.S. Bank National Association, as successor to First Trust of California, National Association, relating to the Lincoln Public Financing Authority Tax Allocation Revenue Bonds, Series 2004A and Housing Set-Aside Tax Allocation Revenue Bonds, Series 2004B	$11,090,000	100%	September 15, 2014

CLERK'S CERTIFICATE

The undersigned Clerk of the Successor Agency to the Dissolved Redevelopment Agency of the City of Lincoln does hereby certify as follows:

The foregoing resolution is a full, true an correct copy of a resolution duly adopted by a vote of a majority of the members of the Successor Agency to the Dissolved Redevelopment Agency of the City of Lincoln at a regular meeting of the Successor Agency duly and regularly and legally held at the regular meeting place thereof, on September 13, 2016, of which meeting all of such members had due notice.

I have carefully compared the foregoing with the original minutes of said meeting on file and of record in my office, and the foregoing is a full, true and correct copy of the original resolution adopted at said meeting and entered in said minutes.

Said resolution has not been amended, modified or rescinded since the date of its adopted and the same is not in full force and effect.

Dated: _____, 2016

_____

Agency Clerk

ATTACHMENT No. 2 – Indenture

INDENTURE OF TRUST

by and between

SUCCESSOR AGENCY TO THE DISSOLVED REDEVELOPMENT AGENCY OF THE CITY OF LINCOLN

and

**U.S. Bank National Association,
as Trustee**

Dated as of _____ 1, 2016

relating to

$_____

**Successor Agency to the Dissolved Redevelopment Agency of the City of Lincoln
Tax Allocation Refunding Bonds**

including

$_____
Series 2016A (Tax-Exempt)

$_____
Series 2016B (Federally Taxable)

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THIS INDENTURE OF TRUST, dated as of _____ 1, 2016 (the "Indenture"), by and between the CITY OF LINCOLN (the "Agency") as successor agency to the dissolved Redevelopment Agency of the City of Lincoln (the "Dissolved RDA"), a public body, corporate and politic, duly organized and existing pursuant to the Community Redevelopment Law of the State of California and U.S. BANK NATIONAL ASSOCIATION, a national banking association organized and existing under the laws of the United States and authorized to accept and execute trusts of the character herein set out with a corporate trust office located in San Francisco, California, as trustee (the "Trustee"),

W I T N E S S E T H:

WHEREAS, the Dissolved RDA was a redevelopment agency, a public body, corporate and politic duly created, established and authorized to transact business and exercise its powers, all under and pursuant to the Community Redevelopment Law (Part 1 of Division 24 of the Health and Safety Code of the State of California and referred to herein as the "Law") and the powers of such Agency include the power to issue bonds for any of its corporate purposes; and

WHEREAS, a redevelopment plan for a redevelopment project known and designated as the "Lincoln Redevelopment Project" has been adopted and approved and all requirements of law for, and precedent to, the adoption and approval of said plan have been duly complied with; and

WHEREAS, California Assembly Bill No. 26 (First Extraordinary Session) ("ABX1 26") adopted on June 29, 2011, dissolved all redevelopment agencies and community development agencies in existence in the State of California, as of February 1, 2012, and designated "successor agencies" and "oversight boards" to satisfy "enforceable obligations" of the dissolved redevelopment agencies and administer dissolution and wind down of the dissolved redevelopment agencies;

WHEREAS, the Dissolved RDA was a redevelopment agency, a public body, corporate and politic duly created, established and authorized to transact business and exercise its powers, all under and pursuant to the Law, and the powers of such agency included the power to issue bonds for any of its corporate purposes; and

WHEREAS, pursuant to California Health and Safety Code Section 34173(d), the City of Lincoln agreed to act as the successor agency (the "Agency") to the Dissolved RDA following the dissolution of the Dissolved RDA on February 1, 2012, pursuant to Assembly Bill Xl 26 ("AB 26"); and

WHEREAS, as provided in California Health and Safety Code Section 34173(g), the Agency is a separate public entity from the City, which provides for its governance, and the two entities shall not merge; and

WHEREAS, Assembly Bill No. 1484 ("AB 1484"), a follow on bill to AB X1 26, was enacted on June 27, 2012, and provides a mechanism to refund outstanding bonds or other indebtedness under certain circumstances; and

WHEREAS, Senate Bill No. 107 ("AB 107"), a follow on bill to AB 26 and AB 1484, was enacted on September 22, 2015, and provides additional terms and amendments for operations of a successor agency; and

WHEREAS, California Health and Safety Code Section 34177.5(a) authorizes successor agencies to refund outstanding bonds or other indebtedness provided that (i) the total interest cost to maturity on the refunding bonds or other indebtedness plus the principal amount of the refunding bonds or other indebtedness shall not exceed the total remaining interest cost to maturity on the bonds or other indebtedness to be refunded plus the remaining principal of the bonds or other indebtedness to be refunded, and (ii) the principal amount of the refunding bonds or other indebtedness shall not exceed the amount required to defease the refunded bonds or other indebtedness, to establish customary debt service reserves, and to pay related costs of issuance; and

WHEREAS, the Agency has determined to refund the outstanding Lincoln Public Financing Authority Tax Allocation Bonds, Series 2004A (the "Series 2004A Bonds"), originally issued in the principal amount of $8,720,000 and outstanding in the amount of $7,435,000 and Lincoln Public Financing Authority Housing Set-Aside Tax Allocation Revenue Bonds, Series 2004B (the "Series 2004B Bonds"), originally issued in the principal amount of $2,370,000 and outstanding in the amount of $1,785,000; and

WHEREAS, the Agency has determined to issue its Successor Agency to the Dissolved Redevelopment Agency of the City of Lincoln Tax Allocation Refunding Bonds, Series 2016A (Tax Exempt) (the "Series 2016A Bonds") and Tax Allocation Refunding Bonds, Series 2016B (Federally Taxable) (the "Series 2016B Bonds" and, together with the Series 2016A Bonds, the "Series 2016 Bonds"), in order to refund the Refunded Bonds, [purchase a Qualified Reserve Account Credit Instrument for] deposit to the reserve account for the Series 2016 Bonds and pay the costs of issuance of the Series 2016 Bonds; and

WHEREAS, the Bonds will be secured by a pledge of, and lien on, and shall be repaid from Pledged Tax Revenues (as defined herein) and certain moneys deposited from time to time in the Redevelopment Property Tax Trust Fund established pursuant to subdivision (c) of Section 34172 of the California Health and Safety Code; and

WHEREAS, the Bonds will be issued and payable from amounts on deposit in the Redevelopment Property Tax Trust Fund; and

WHEREAS, all conditions, things and acts required by law to exist, happen and be performed precedent to and in connection with the issuance of the Series 2016 Bonds exist, have happened and have been performed in regular and due time, form and manner as required by law, and the Agency is now duly empowered to issue the Series 2016 Bonds;

NOW, THEREFORE, THIS INDENTURE WITNESSETH, that in order to secure the payment of the principal of, premium, if any, and the interest on all Bonds at any time issued and outstanding under the Indenture, according to their tenor, and to secure the performance and observance of all the covenants and conditions therein and herein set forth, and to declare the terms and conditions upon and subject to which the Bonds are to be issued and received, and in

consideration of the premises and of the mutual covenants herein contained and of the purchase and acceptance of the Bonds by the owners thereof, and for other valuable considerations, the receipt of which is hereby acknowledged, the Agency does hereby covenant and agree with the Trustee, for the benefit of the respective owners from time to time of the Bonds, as follows:

ARTICLE I

DEFINITIONS; EQUAL SECURITY

Section 1.01 Definitions. Unless the context otherwise requires, the terms defined in this section shall for all purposes of the Indenture and of the Bonds and of any certificate, opinion, report, request or other document herein or therein mentioned have the meanings herein specified.

"Additional Bonds" shall mean all tax allocation bonds of the Agency authorized and executed pursuant to the Indenture and issued and delivered in accordance with Article IV.

"Agency" shall mean the City of Lincoln, solely as successor to the Dissolved RDA, in accordance with the Dissolution Act.

"Annual Debt Service" shall mean, for each Bond Year, the sum of (a) the interest due on the Outstanding Bonds and any Parity Debt in such Bond Year, assuming that the Outstanding Bonds are retired as scheduled (including by reason of mandatory sinking fund redemptions), and (b) the scheduled principal amount of the Outstanding Bonds due in such Bond Year (including any mandatory sinking fund redemptions due in such Bond Year).

"Authorized Denomination" shall mean $5,000 principal amount of Bonds, or any integral multiple thereof.

"Average Annual Debt Service" shall mean the average of the Annual Debt Service for all Bond Years, including the Bond Year in which the calculation is made.

"Bond Counsel" shall mean counsel of recognized national standing in the field of law relating to municipal bonds.

"Bond Insurance Policy" and **"2016 Bond Insurance Policy"** have the following meanings: "Bond Insurance Policy" shall mean, as the context suggests, each of the insurance policies or the applicable insurance policy including, without limitation, the 2016 Bond Insurance Policy, issued by the Bond Insurer guaranteeing the scheduled payment of principal of, and the interest when due on, the applicable Series of Bonds. "2016 Bond Insurance Policy" shall mean, respectively, the Municipal Bond Insurance Policy guaranteeing the scheduled payment of principal of, and the interest when due on, the Insured Series 2016A Bonds and the Insured [Series 2016B Bonds], issued by the [2016 Bond Insurer] and dated _____ __, 2016.

"Bond Insurer" and **"[2016 Bond Insurer]"** have the following meanings: "Bond Insurer" shall mean the issuer or issuers of a policy or policies of municipal bond insurance obtained by the Agency to insure the payment of principal of and interest on a Series of Bonds issued under this Indenture, when due otherwise than by acceleration, and which, in fact, are at

any time insuring such Series of Bonds. "[2016 Bond Insurer]" shall mean [Bond Insurer], or any successor thereto or assignee thereof, as insurer of the Insured Series 2016 Bonds and issuer of the [2016 Reserve Policy].

"Bond Proceeds Fund" shall mean the Fund by that name established pursuant to Section 3.01 hereof.

"Bond Register" shall mean the registration books specified as such in Section 2.13 hereof.

"Bond Year" shall mean (1) with respect to the initial Bond Year, the period from the date the Bonds are originally delivered to and including the first succeeding August 1, and (2) thereafter, each twelve-month period from August 2 in any calendar year to and including August 1 in the following calendar year.

"Bonds" shall mean the Series 2016 Bonds and all Additional Bonds.

"Business Day" shall mean a day of the year on which banks in Los Angeles, California, and any other place in which the Corporate Trust Office of the Trustee is located are not required or authorized to remain closed and on which the New York Stock Exchange is not closed.

"Code" shall mean the Internal Revenue Code of 1986, as amended and any regulations of the United States Department of the Treasury issued thereunder.

"Compliance Costs" shall mean those costs incurred by the Agency or the Trustee in connection with their compliance with the Indenture and the Continuing Disclosure Agreement that are chargeable against the Redevelopment Property Tax Trust Fund as provided in Section 5.01 and 6.16, including legal fees and charges, fees and disbursements of consultants and professionals, rating agency fees, amounts to reimburse the Bond Insurer for draws on its Bond Insurance Policy (including any other amounts due to the [2016 Bond Insurer]), and Qualified Reserve Account Credit Instruments, and all amounts required to be rebated to the United States pursuant to Section 148(f) of the Code in accordance with Section 6.11 and the Tax Certificate.

"Consultant's Report" shall mean a report signed by an Independent Financial Consultant or an Independent Redevelopment Consultant, as may be appropriate to the subject of the report, and including:

(1) a statement that the person or firm making or giving such report has read the pertinent provisions of the Indenture to which such report relates;

(2) a brief statement as to the nature and scope of the examination or investigation upon which the report is based; and

(3) a statement that, in the opinion of such person or firm, sufficient examination or investigation was made as is necessary to enable said Independent Financial Consultant or Independent Redevelopment Consultant to express an informed opinion with respect to the subject matter referred to in the report.

"Continuing Disclosure Agreement" shall mean that Continuing Disclosure Agreement, by and between the Agency and [Digital Assurance Certification, L.L.C.,] as dissemination agent, dated as of [_____] 1, 2016, relating to the Series 2016 Bonds, as originally executed and as it may be amended from time to time in accordance with the terms thereof.

"Corporate Trust Office" shall mean such corporate trust office of the Trustee as may be designated from time to time by written notice from the Trustee to the Agency, initially being such office located in San Francisco, California except that with respect to presentation of Bonds for registration, payment, redemption, transfer or exchange, such terms shall mean the office of the Trustee in Los Angeles, California, or such other office designated by the Trustee from time to time as its Corporate Trust Office.

"Costs of Issuance Fund" shall mean the Fund by that name established pursuant to Section 5.06 hereof.

"Costs of Issuance" shall mean all items of expense directly or indirectly payable by or reimbursable to the Agency or the City and related to the authorization, issuance, sale and delivery of the Bonds and the refunding of the Refunded Bonds, including but not limited to publication and printing costs, costs of preparation and reproduction of documents, filing and recording fees, fees and charges of the Trustee and the Escrow Agent, legal fees and charges, fees and disbursements of consultants and professionals, rating agency fees, fees and charges for preparation, execution, transportation and safekeeping of the Bonds and any other cost, charge or fee in connection with the original issuance of the Bonds and the refunding of the Refunded Bonds as provided in a Costs of Issuance invoice transmitted by the Agency (which may include costs and expenses of the Agency and the City) to the Agency and the Trustee at the time of the original issuance of the Bonds to be paid from proceeds of the Bonds in accordance with Section 3.01 or as provided in a Supplemental Indenture.

"County" shall mean the County of Placer, a political subdivision of the State of California.

"County Auditor-Controller" shall mean the Auditor-Controller of the County of Placer.

"Dissolution Act" shall mean Parts 1.8 (commencing with Section 34161) and 1.85 (commencing with Section 34170) of the Law.

"DOF" shall mean the State of California Department of Finance.

"Escrow Agent" shall mean U.S. Bank National Association, as prior trustee and Escrow Agent under the Escrow Agreement.

"Escrow Agreement" shall mean the Escrow Agreement between the Escrow Agent and the Agency and the Escrow Agent.

"Expense Account" shall mean the account established pursuant to Section 5.03 hereof.

"Federal Securities" shall mean (a) non-callable direct obligations of the United States of America ("United States Treasury Obligations"), and (b) evidences of ownership of proportionate interests in future interest and principal payments on United States Treasury Obligations held by a bank or trust company as custodian, under which the owner of the investment is the real party in interest and has the right to proceed directly and individually against the obligor and the underlying United States Treasury Obligations are not available to any person claiming through the custodian or to whom the custodian may be obligated.

"Fiscal Year" shall mean the period commencing on July 1 of each year after the date of the sale and delivery of the Bonds and terminating on the next succeeding June 30, or any other annual accounting period hereafter selected and designated by the Agency as its Fiscal Year in accordance with the Law and with notice to the Trustee.

"Dissolved RDA" shall mean the dissolved Redevelopment Agency of the City of Lincoln.

"Indenture" shall mean this Indenture and all Supplemental Indentures.

"Independent Certified Public Accountant" shall mean any certified public accountant or firm of such accountants duly licensed and entitled to practice and practicing as such under the laws of the State of California, appointed and paid by the Agency, and who, or each of whom:

(1) is in fact independent and not under the domination of the Agency;

(2) does not have any substantial interest, direct or indirect, with the Agency; and

(3) is not connected with the Agency as a member, officer or employee of the Agency, but who may be regularly retained to make annual or other audits of the books of or reports to the Agency.

"Independent Financial Consultant" shall mean a financial consultant or firm of such consultants generally recognized to be well qualified in the financial consulting field, appointed and paid by the Agency and who, or each of whom:

(1) is in fact independent and not under the domination of the Agency;

(2) does not have any substantial interest, direct or indirect, with the Agency; and

(3) is not connected with the Agency as a member, officer or employee of the Agency, but who may be regularly retained to make annual or other reports to the Agency.

"Independent Redevelopment Consultant" shall mean a consultant or firm of such consultants generally recognized to be well qualified in the field of consulting relating to tax allocation bond financing by California redevelopment agencies and their successor agencies, appointed and paid by the Agency and who, or each of whom:

(1) is in fact independent and not under the domination of the Agency;

(2) does not have any substantial interest, direct or indirect, with the Agency; and

(3) is not connected with the Agency as a member, officer or employee of the Agency, but who may be regularly retained to make annual or other reports to the Agency.

"Insured Series 2016 Bonds" shall mean the Insured Series 2016A Bonds and the Insured Series 2016B Bonds.

"Insured Series 2016A Bonds" shall mean the Series 2016A Bonds [maturing on August 1 in the years 20__ through 20__, inclusive].

"Insured Series 2016B Bonds" shall mean the Series 2016B Bonds maturing on August 1 in the years 20__ through 20__, inclusive.

"Interest Account" shall mean the account maintained within the Tax Increment Fund pursuant to Section 5.03 of the Indenture.

"Interest Payment Date" shall mean any February 1 and August 1 on which interest on any Series of Bonds is scheduled to be paid, commencing [February 1, 2017], with respect to the Series 2016 Bonds.

"Investment Agreement" shall mean an investment agreement or guaranteed investment contract meeting the description and the requirements contained in clause (10) of the definition of Permitted Investments herein.

"Investment Earnings" shall mean all interest earned and any realized gains and losses on the investment of moneys in any fund or account created by the Indenture or by any Supplemental Indenture.

"Law" shall mean the Community Redevelopment Law of the State of California (being Part I of Division 24 of the California Health and Safety Code, as amended), and all laws amendatory thereof or supplemental thereto including, without limitation, the Dissolution Act.

"Maximum Annual Debt Service" shall mean the largest Annual Debt Service for any Bond Year, including the Bond Year in which the calculation is made.

"MSRB" shall mean the Municipal Securities Rulemaking Board or any other entity designated or authorized by the Securities and Exchange Commission to receive reports pursuant to the Rule. Until otherwise designated by the MSRB or the Securities and Exchange Commission, filings with the MSRB are to be made through the Electronic Municipal Market Access (EMMA) website of the MSRB, currently located at http://emma.msrb.org.

"Officer's Certificate" shall mean a certificate signed by the Chairperson or Vice Chairperson of the Agency, or by the City Manager of the City, the Director of Support Services of the City acting for the Agency, or the City Clerk acting for the Agency.

"Outstanding" when used as of any particular time with reference to Bonds, shall mean (subject to the provisions of Section 9.02) all Bonds except:

(1) Bonds theretofore cancelled by the Trustee or surrendered to the Trustee for cancellation;

(2) Bonds paid or deemed to have been paid within the meaning of Section 11.02; and

(3) Bonds in lieu of or in substitution for which other Bonds shall have been authorized, executed, issued and delivered by the Agency pursuant to the Indenture.

"Oversight Board" shall mean the oversight board of the Agency duly constituted from time to time pursuant to Section 34179 of the Dissolution Act.

"Owner" or **"Bondowner"** whenever employed herein shall mean the person in whose name such Bond shall be registered.

"Parity Debt" shall mean any additional tax allocation bonds, notes, interim certificates, debentures or other obligations issued by the Agency as permitted by the Indenture payable out of Pledged Tax Revenues and ranking on a parity with the Bonds.

"Pass-Through Agreements" shall mean each pass-through agreement and tax sharing agreement entered into by the Agency with respect to the Project Area.

"Permitted Investments" shall mean any of the following to the extent then permitted by the general laws of the State of California applicable to investments by counties:

(1) (a) Direct obligations (other than an obligation subject to variation in principal repayment) of the United States of America ("United States Treasury Obligations"), (b) obligations fully and unconditionally guaranteed as to timely payment of principal and interest by the United States of America, (c) obligations fully and unconditionally guaranteed as to timely payment of principal and interest by any agency or instrumentality of the United States of America when such obligations are backed by the full faith and credit of the United States of America, or (d) evidences of ownership of proportionate interests in future interest and principal payments on obligations described above held by a bank, trust company or bank holding company as custodian, under which the owner of the investment is the real party in interest and has the right to proceed directly and individually against the obligor and the underlying government obligations are not available to any person claiming through the custodian or to whom the custodian may be obligated (collectively "United States Obligations"). These include, but are not necessarily limited to:

- U.S. Treasury obligations
  All direct or fully guaranteed obligations
- General Services Administration
  Participation certificates
- U.S. Maritime Administration
  Guaranteed Title XI financing
- Small Business Administration

Guaranteed participation certificates

- Guaranteed pool certificates
- Government National Mortgage Association (GNMA)
  GNMA-guaranteed mortgage-backed securities
  GNMA-guaranteed participation certificates
- U.S. Department of Housing & Urban Development
  Local authority bonds

(2) Obligations of instrumentalities or agencies of the United States of America limited to the following: (a) the Federal Home Loan Bank Board ("FHLB"); (b) the Federal Home Loan Mortgage Corporation ("FHLMC"); (c) the Federal National Mortgage Association (FNMA); (d) Federal Farm Credit Bank ("FFCB"); (e) Government National Mortgage Association ("GNMA"); and (f) guaranteed portions of Small Business Administration ("SBA") notes.

(3) Commercial paper having original maturities of not more than 270 days, payable in the United States of America and issued by corporations that are organized and operating in the United States with total assets in excess of $500 million and having "A" or better rating for the issuer's long-term debt as provided by S&P and "A-1" or better rating for the issuer's short-term debt as provided by S&P.

(4) The Placer County Treasury Pool.

(5) Bills of exchange or time drafts drawn on and accepted by a commercial bank, otherwise known as "bankers' acceptances," having original maturities of not more than 180 days. The institution must have a minimum short-term debt rating of "P-1" by S&P, and a long-term debt rating of no less than "A" by S&P.

(6) Shares of beneficial interest issued by diversified management companies, known as money market mutual funds, registered with the U.S. Securities and Exchange Commission under the Investment Company Act of 1940 (15 U.S.C. Sec. 80a-1 et seq.) and whose fund has received the highest possible rating from S&P and at least one other Rating Agency, including funds for which the Trustee provides investment advice or other services and excluding funds with a floating net asset value.

(7) Deposit issued by a nationally- or state-chartered bank or a state or federal association (as defined by Section 5102 of the California Financial Code) or by a state-licensed branch of a foreign bank, in each case which has, or which is a subsidiary of a parent company which has, obligations outstanding having a rating in the "A" category or better from S&P or which deposits are collateralized by Permitted Investments described in clause (1) for amounts above FDIC insurance.

(8) Pre-refunded municipal obligations rated "AAA" by S&P meeting the following requirements:

(a) the municipal obligations are (i) not subject to redemption prior to maturity or (ii) the trustee for the municipal obligations has been given irrevocable instructions concerning their call and redemption and the issuer of the municipal obligations has covenanted not to redeem such municipal obligations other than as set forth in such instructions;

(b) the municipal obligations are secured by cash or United States Treasury Obligations which may be applied only to payment of the principal of, interest and premium on such municipal obligations;

(c) the principal of and interest on the United States Treasury Obligations (plus any cash in the escrow) has been verified by the report of independent certified public accountants to be sufficient to pay in full all principal of, interest, and premium, if any, due and to become due on the municipal obligations ("Verification");

(d) the cash or United States Treasury Obligations serving as security for the municipal obligations are held by an escrow agent or trustee in trust for owners of the municipal obligations;

(e) no substitution of a United States Treasury Obligation shall be permitted except with another United States Treasury Obligation and upon delivery of a new Verification; and

(f) the cash or United States Treasury Obligations are not available to satisfy any other claims, including those by or against the trustee or escrow agent.

(9) Repurchase agreements which have a maximum maturity of 30 days, or due on demand, and are fully secured at or greater than 102% of the market value plus accrued interest by obligations of the United States Government, its agencies and instrumentalities, in accordance with number (2) above.

(10) Investment agreements and guaranteed investment contracts with issuers having a long-term debt rating of at least "AA-" by S&P.

(11) Local Agency Investment Fund (established under Section 16429.1 of the California Government Code), provided that such investment is held in the name and to the credit of the Trustee, and provided further that the Trustee may restrict such investment if required to keep moneys available for the purposes of the Indenture.

(12) Shares in a State of California common law trust established pursuant to Title 1, Division 7, Chapter 5 of the California Government Code which invests exclusively in investments permitted by Section 53601 of Title 5, Division 2, Chapter 4 of the California Government Code, as it may be amended.

"Pledged Tax Revenues" shall mean, for any Fiscal Year, after having made all payments required to be made under and pursuant to that certain Senior Loan, all Tax Revenues received by the Agency for such Fiscal Year; provided that Pledged Tax Revenues for any Fiscal Year shall not exceed (a) the Debt Service for such Fiscal Year (less any amounts then on

deposit in the Tax Increment Fund, other than (i) Tax Revenues received for such Fiscal Year and deposited in the Tax Increment Fund or in any account therein or (ii) amounts representing investment earnings that may be released to the Agency pursuant to Section 5.04), plus (b) the amounts, if any, necessary to be deposited in the Reserve Account to maintain the Reserve Requirement.

"Principal Account" shall mean the account maintained within the Tax Increment Fund pursuant to Section 5.03 of the Indenture.

"Principal Installment" shall mean, with respect to any Principal Payment Date, the principal amount of Outstanding Bonds (including mandatory sinking fund payments) due on such date, if any.

"Principal Payment Date" shall mean any August 1 on which principal of any Series of Bonds is scheduled to be paid, commencing on [August 1, 2017] with respect to the Series 2016 Bonds.

"Project Area" shall mean the project area described in the Redevelopment Plan.

"Qualified Reserve Account Credit Instrument" shall mean (i) the [2016 Reserve Policy] or (ii) an irrevocable standby or direct-pay letter of credit or surety bond issued by a commercial bank or insurance company and deposited with the Trustee pursuant to Section 5.03(d) provided that all of the following requirements are met by the Agency at the time of delivery thereof to the Trustee: (a) S&P or Moody's has assigned a long-term credit rating to such bank or insurance company of "A" (without regard to modifier) or higher; (b) such letter of credit or surety bond has a term of at least twelve (12) months; (c) such letter of credit or surety bond has a stated amount at least equal to the portion of the Reserve Requirement with respect to which funds are proposed to be released pursuant to Section 5.03(d); (d) the Trustee is authorized pursuant to the terms of such letter of credit or surety bond to draw thereunder an amount equal to any deficiencies which may exist from time to time in the Interest Account or the Principal Account for the purpose of making payments required pursuant to Section 5.03(d); and (e) prior written notice is given to the Trustee before the effective date of any such Qualified Reserve Account Credit Instrument.

"Rebate Fund" shall mean the Rebate Fund established pursuant to Section 6.11 hereof.

"Rebate Instructions" shall mean those calculations and directions required to be delivered to the Trustee by the Agency pursuant to the Tax Certificate.

"Rebate Requirement" shall mean the Rebate Requirement defined in the Tax Certificate.

"Recognized Obligation Payment Schedule" or "ROPS" shall mean a Recognized Obligation Payment Schedule, setting forth the minimum payment amounts and due dates of payments required by enforceable obligations for each fiscal year as provided in subdivision (o) of Section 34177 of the Dissolution Act, each prepared and approved from time to time pursuant to the Dissolution Act.

"Redevelopment Obligation Retirement Fund" shall mean the fund by that name established pursuant to Section 34170.5(a) of the Law and administered by the Agency.

"Redevelopment Plan" shall mean the Redevelopment Plan for the Project adopted and approved by Ordinance No. 92-16, adopted by the City Council of the City of Lincoln, California, on October 5, 1992, together with all amendments thereto thereafter made in accordance with the Law.

"Redevelopment Property Tax Trust Fund" shall mean the fund by that name established pursuant to Section 34170.5(b) of the Law and administered by the County Auditor-Controller.

"Refunded Bonds" shall mean the Series 2004A Bonds and the Series 2004B Bonds, as those terms are defined in the whereas clauses above.

"Regulations" shall mean temporary and permanent regulations promulgated or applicable under Section 103 and all related provisions of the Code.

"Related Documents" shall mean the Indenture and any other document executed by the Agency in connection with the issuance of the Series 2016 Bonds including, without limitation, the Series 2016 Bonds issued hereunder.

"Reserve Account" shall mean the account maintained within the Tax Increment Fund pursuant to Section 5.03 of the Indenture.

"Reserve Requirement" shall mean as of the date of any calculation, with respect to all Outstanding Bonds an amount equal to the lesser of (i) the Maximum Annual Debt Service attributable to the Outstanding Bonds or (ii) 125% of Average Annual Debt Service attributable to the Outstanding Bonds; provided however, that the Reserve Requirement when issuing a new Series of Bonds shall be the lesser of (i) or (ii) above, but limited to the addition to the Reserve Account of no more than 10% of the proceeds from the sale of such new Series of Bonds.

"Responsible Officer" shall mean any Vice-President, Assistant Vice President, Trust Officer or other officer of the Trustee having regular responsibility for corporate trust matters.

"ROPS Payment Period" shall mean a ROPS Period; provided, that if the Dissolution Act is hereafter amended such that each ROPS Period covers a fiscal period of a different length, then "ROPS Payment Period" shall mean the period during which moneys distributed on a RPTTF Distribution Date are permitted to be expended under the Dissolution Act, as amended.

"ROPS Period" shall mean the six-month period from January 1 to June 30, inclusive as provided in subdivision (o) of Section 34177 of the Dissolution Act; provided, that if the Dissolution Act is hereafter amended such that each ROPS covers a fiscal period of a different length, then "ROPS Period" shall mean such other applicable period established under the Dissolution Act, as amended.

"RPTTF" or **"Redevelopment Property Tax Trust Fund"** shall mean the fund by that name established pursuant to Health and Safety Code Section 34170.5(b) and administered by the County Auditor-Controller.

"RPTTF Distribution Date" shall mean each January 2 and June 1, as specified in Section 34183 of the Dissolution Act, on which the County Auditor-Controller allocates and distributes to the Agency monies from the RPTTF for payment on enforceable obligations pursuant to an approved ROPS.

"Securities Depository" shall mean, initially, The Depository Trust Company, New York, N.Y., or, in accordance with then-current guidelines of the Securities and Exchange Commission, such other securities depositories, or no such depositories, as designated by the Trustee.

"Senior Loan" shall mean that certain Subordinate Loan Agreement, dated as of April 1, 1994 and with a final payment date of September 15, 2017, among the Dissolved RDA, the Lincoln Public Financing Authority and U.S. Bank National Association, as success to First Trust of California, National Association, as amended.

"Series" shall mean each initial series of Series 2016 Bonds executed, authenticated and delivered and identified pursuant to the Indenture as the Series 2016A Bonds and the Series 2016B Bonds and any Additional Bonds issued pursuant to a Supplemental Indenture and identified as a separate series of Bonds.

"Series 2016A Bonds" shall mean the Successor Agency to the Dissolved Redevelopment Agency of the City of Lincoln Tax Allocation Refunding Bonds, Series 2016A (Tax Exempt).

"Series 2016B Bonds" shall mean the Successor Agency to the Dissolved Redevelopment Agency of the City of Lincoln Tax Allocation Refunding Bonds, Series 2016B (Federally Taxable).

"Series 2016 Bonds" shall mean, collectively, the Series 2016A Bonds and the Series 2016B Bonds.

"Sinking Account Installment" shall mean the amount of money required to be paid by the Agency on a Sinking Account Payment Date toward the retirement of any particular Term Bonds on or prior to their respective stated maturities, as set forth in the Indenture.

"Sinking Account Payment Date" shall mean any August 1 on which Sinking Account Installments on Term Bonds are scheduled to be paid, as set forth in the Indenture.

"S&P" shall mean Standard & Poor's Financial Services LLC and its successors and assigns, except that if such corporation shall be dissolved or liquidated or shall no longer perform the functions of a securities rating agency, then "S&P" shall be deemed to refer to any other nationally-recognized rating agency selected by the Agency.

"Substitute Depository" shall mean the substitute depository as defined in Section 2.12.

"Supplemental Indenture" shall mean any indenture amending or supplementing the Indenture, but only if and to the extent that such Supplemental Indenture is specifically authorized hereunder.

"2016 Reserve Policy" shall mean the Municipal Bond Debt Service Reserve Insurance Policy issued by the [2016 Bond Insurer] and dated _____ __, 2016.

"Tax Certificate" shall mean that certificate and agreement, relating to various federal tax requirements, including the requirements of Section 148 of the Code, signed by the Agency on the date the Tax Exempt Bonds and the Series 2016A Bonds are issued, as the same may be amended or supplemented in accordance with its terms.

"Tax Exempt" shall mean, with respect to interest on any obligations of a state or local government, that such interest is excluded from the gross income of the owners thereof for federal income tax purposes, whether or not such interest is includable as an item of tax preference or otherwise includable directly or indirectly for purposes of calculating other tax liabilities, including any alternative minimum tax or environmental tax under the Code.

"Tax Increment Fund" shall mean the fund established pursuant to Section 5.01 hereof.

"Tax Revenues" shall mean, after amounts are paid or set aside for payment of the Senior Loan, which has a final payment date of September 15, 2017, all taxes annually allocated and paid to the Agency pursuant to Article 6 of Chapter 6 (commencing with Section 33670) of the Law, Section 16 of Article XVI of the Constitution of the State and other applicable state laws and as provided in the Redevelopment Plans available for or deposited into the RPTTF, excluding amounts, if any, payable pursuant to Section 33607.5, 33676(a), or 33607.7 of the Law, but only to the extent such amounts are not subordinated to the payment of debt service on the Bonds.

If, and to the extent, that the provisions of Section 34172 or paragraph (2) of subdivision (a) of Section 34183 of the Dissolution Act are invalidated by a final judicial decision, then Pledged Tax Revenues will include all Pledged Tax Revenues allocated to the payment of indebtedness pursuant to California Health and Safety Code Section 33670 or such other section as may be in effect at the time providing for the allocation of tax increment revenues in accordance with Article XVI, Section 16 of the California Constitution.

"Term Bonds" shall mean Bonds which are payable on or before their specified maturity dates from Sinking Account Installments established for that purpose.

"Trustee" shall mean U.S. Bank National Association, appointed by the Agency in Section 7.01 and acting with the duties and powers herein provided, and its successors and assigns, or any other corporation or association which may at any time be substituted in its place, as provided in Section 7.02.

"Verification Report" shall mean a report of an independent firm of nationally recognized certified public accountants, or such other firm as shall be acceptable to the Bond Insurer, addressed to the Agency, the Trustee and the Bond Insurer, verifying the sufficiency of the escrow established to pay Bonds in full at maturity or on a redemption date.

"Written Request of the Agency" shall mean an instrument in writing signed by the Chairperson or Vice Chairperson of the Agency, the Mayor, City Manager or Director of Support Services of the City, acting for and on behalf of the Agency, or the City Clerk of the City, acting for and on behalf of the Agency, or by any other officer of the Agency (or of the City for and on behalf of the Agency) duly authorized by the Agency for that purpose.

Section 1.02 Equal Security. In consideration of the acceptance of the Bonds by the Owners thereof, the Indenture shall be deemed to be and shall constitute a contract between the Agency and the Owners from time to time of all Bonds issued hereunder and then Outstanding to secure the full and final payment of the interest on and principal of and redemption premiums, if any, on all Bonds authorized, executed, issued and delivered hereunder, subject to the agreements, conditions, covenants and provisions herein contained; and the agreements and covenants herein set forth to be performed on behalf of the Agency shall be for the equal and proportionate benefit, security and protection of all Owners of the Bonds without preference, priority or distinction as to security or otherwise of any Bonds over any other Bonds.

ARTICLE II

THE BONDS; CERTAIN PROVISIONS OF THE BONDS

Section 2.01 General Authorization; Bonds. The Series 2016 Bonds and Additional Bonds may be issued at any time under and subject to the terms of the Indenture. The Agency has reviewed all proceedings heretofore taken relative to the authorization of the Series 2016 Bonds and has found, as a result of such review, and hereby finds and determines that all acts, conditions and things required by law to exist, happen or be performed precedent to and in connection with the issuance of the Series 2016 Bonds do exist, have happened and have been performed in due time, form and manner as required by law, and the Agency is now duly authorized, pursuant to each and every requirement of law, to issue the Series 2016 Bonds in the manner and form provided in the Indenture. Accordingly, the Agency hereby authorizes the issuance of the Series 2016 Bonds for the purposes set forth in the preamble of the Indenture.

Section 2.02 Terms of Series 2016 Bonds. The Series 2016 Bonds authorized to be issued by the Agency under and subject to the terms of the Indenture and the Law shall be designated the "Successor Agency to the Dissolved Redevelopment Agency of the City of Lincoln Tax Allocation Refunding Bonds, Series 2016A (Tax Exempt)" and shall be in the aggregate principal amount of $_____ and the "Successor Agency to the Dissolved Redevelopment Agency of the City of Lincoln Tax Allocation Refunding Bonds, Series 2016B (Federally Taxable)" and shall be in the aggregate principal amount of $_____. The Series 2016 Bonds shall be issued as fully registered bonds in denominations of $5,000, or any integral multiple thereof (not exceeding the principal amount of such Bonds maturing at any one time). The Bonds shall be registered initially in the name of "Cede & Co.," as nominee of the Securities Depository and shall be evidenced by one bond for each maturity of Bonds in the principal amount of the respective maturities of Bonds. Registered ownership of the Bonds, or any portion thereof, may not thereafter be transferred except as set forth herein.

Payment of interest on the Series 2016 Bonds shall be made to Cede & Co. as registered owner, or such other person whose name appears on the bond registration books of the Trustee as the registered owner of the Series 2016 Bonds, as of the close of business on the fifteenth (15th) day of the calendar month preceding the Interest Payment Date (the "Record Date), or if otherwise instructed, by check mailed to such registered owner at its address as it appears on such books or at such other address as it may have filed with the Trustee for that purpose prior to the Record Date.

Each Series of Series 2016 Bonds shall be numbered in consecutive numerical order from R1 upwards. Each Series of Series 2016 Bonds shall bear interest from the Interest Payment Date next preceding the date of authentication thereof, unless such date of authentication is an Interest Payment Date, in which event they shall bear interest from such Interest Payment Date, or unless such date of authentication is prior to the first Interest Payment Date, in which event they shall bear interest from _____ 15, 20__, provided, however, that if, at the time of authentication of any Series 2016 Bond, interest is then in default on such Series of Series 2016 Bond, such Series of Series 2016 Bond shall bear interest from the Interest Payment Date to which interest previously has been paid or made available for payment. Interest on the Series 2016 Bonds shall be computed on the basis of a 360-day year of twelve 30-day months.

The Series 2016A Bonds shall be dated their date of initial delivery and shall bear interest at the rates specified in the table below, such interest being payable on each Interest Payment Date, and shall mature on the Principal Payment Dates in the following years in the following principal amounts, namely:

Maturity Date (August 1)	**Principal Amount**	**Interest Rate**

2033

* Insured Series 2016A Bonds.

The Series 2016B Bonds shall be dated their date of initial delivery and shall bear interest at the rates specified in the table below, such interest being payable on each Interest Payment Date, and shall mature on the Principal Payment Dates in the following years in the following principal amounts, namely:

Maturity Date (August 1)	Principal Amount	Interest Rate

* Insured Series 2016B Bonds.

Principal and redemption premiums, if any, on the Series 2016 Bonds shall be payable in immediately available funds. Principal and redemption premiums, if any, and interest on the Series 2016 Bonds shall be paid in lawful money of the United States of America.

Section 2.03 Form of Series 2016 Bonds. The Series 2016 Bonds, the Trustee's authentication and registration endorsement, and the assignment to appear thereon shall be substantially in the form attached hereto as Appendix A.

Section 2.04 Redemption of Series 2016 Bonds.

(a) Optional Redemption of Series 2016A Bonds. The Series 2016A Bonds maturing on or after August 1, 20__, are subject to optional redemption before maturity on or after August 1, 20__, at the option of the Agency, in whole or in part, on any date, at a redemption price equal to the principal amount of the Series 2016A Bonds to be redeemed, plus accrued but unpaid interest to the redemption date upon direction to the Trustee delivered at least 45 days (or such shorter period as may be agreed by the Trustee in its sole discretion) prior to the date fixed for redemption.

(b) [No] Optional Redemption of Series 2016B Bonds. [The Series 2016B Bonds are not subject to optional redemption.] [The Series 2016B Bonds on or after August 1, 20__, are subject to optional redemption before maturity on or after August 1, 20__, at the option of the Agency, in whole or in part, on any date, at a redemption price equal to the principal amount of the Series 2016B Bonds to be redeemed, plus accrued but unpaid interest to the redemption date upon direction to the Trustee delivered at least 45 days (or such shorter period as may be agreed by the Trustee in its sole discretion) prior to the date fixed for redemption.]

Section 2.05 Notice of Redemption. In the case of any redemption of Bonds, the Trustee shall give notice, as hereinafter in this section provided, that Bonds, identified by serial numbers, Series and maturity date (and interest rate in the case of bifurcated maturities), have been called for redemption and, in the case of Bonds to be redeemed in part only, the portion of the principal amount thereof that has been called for redemption (or if all the Outstanding Bonds are to be redeemed, so stating, in which event such serial numbers may be omitted), that they

will be due and payable on the date fixed for redemption (specifying such date) upon surrender thereof at the Corporate Trust Office, at the redemption price (specifying such price), together with any accrued interest to such date, and that all interest on the Bonds, the respective series of Bonds, or portions thereof, as applicable, so to be redeemed will cease to accrue on and after such date and that from and after such date such Bond or such portion shall no longer be entitled to any lien, benefit or security under the Indenture, and the Owner thereof shall have no rights in respect of such redeemed Bond or such portion except to receive payment from such moneys of such redemption price plus accrued interest to the date fixed for redemption.

Such notice shall be mailed by first class mail, postage prepaid, at least twenty (20) but not more than sixty (60) days before the date fixed for redemption, to the Security Depository, the MSRB and the Owners of such Bonds, or portions thereof, so called for redemption, at their respective addresses as the same shall last appear on the Bond Register. No notice of redemption need be given to the Owner of a Bond to be called for redemption if such Owner waives notice thereof in writing, and such waiver is filed with the Trustee prior to the redemption date. Neither the failure of an Owner to receive notice of redemption of Bonds hereunder nor any error in such notice shall affect the validity of the proceedings for the redemption of Bonds.

Any notice of redemption may be expressly conditional and may be rescinded by Written Request of the Agency given to the Trustee not later than the date fixed for redemption. Upon receipt of such Written Request of the Agency, the Trustee shall promptly mail notice of such rescission to the same parties that were mailed the original notice of redemption.

Section 2.06 Selection of Bonds for Redemption. Whenever less than all the Outstanding Bonds of any one maturity are to be redeemed on any one date, the Trustee shall select the particular Bonds to be redeemed by lot (subject in the case of such redemption of Insured Series 2016 Bonds to the prior written approval of the Bond Insurer), and in selecting the Bonds for redemption the Trustee shall treat each Bond of a denomination of more than five thousand dollars ($5,000) as representing that number of Bonds of five thousand dollars ($5,000) denomination which is obtained by dividing the principal amount of such Bond by five thousand dollars ($5,000), and the portion of any Bond of a denomination of more than five thousand dollars ($5,000) to be redeemed shall be redeemed in an Authorized Denomination. The Trustee shall promptly notify the Agency in writing of the numbers of the Bonds so selected for redemption in whole or in part on such date.

Section 2.07 Payment of Redeemed Bonds. If notice of redemption has been given or waived as provided in Section 2.05, the Bonds or portions thereof called for redemption shall be due and payable on the date fixed for redemption at the redemption price thereof, together with accrued interest to the date fixed for redemption, upon presentation and surrender of the Bonds to be redeemed at the office specified in the notice of redemption. If there shall be called for redemption less than the full principal amount of a Bond, the Agency shall execute and deliver and the Trustee shall authenticate, upon surrender of such Bond, and without charge to the Owner thereof, Bonds of like interest rate and maturity in an aggregate principal amount equal to the unredeemed portion of the principal amount of the Bonds so surrendered in such authorized denominations as shall be specified by the Owner. If the Owner of the Bonds is registered to Cede & Co., payment of the redeemed Bonds shall be made without presentment.

If any Bond or any portion thereof shall have been duly called for redemption and payment of the redemption price, together with unpaid interest accrued to the date fixed for redemption, shall have been made or provided for by the Agency, then interest on such Bond or such portion shall cease to accrue from such date, and from and after such date such Bond or such portion shall no longer be entitled to any lien, benefit or security under the Indenture, and the Owner thereof shall have no rights in respect of such Bond or such portion except to receive payment of such redemption price, and unpaid interest accrued to the date fixed for redemption.

Section 2.08 Purchase in Lieu of Redemption. In lieu of redemption of any Bond pursuant to the provisions of subsection (a) of Section 2.04 or Section 5.02 hereof, Sinking Account Installments may also be used and withdrawn by the Trustee at any time prior to selection of Bonds for redemption having taken place with respect to such amounts, upon a Written Request of the Agency, for the purchase of such Term Bonds at public or private sale as and when and at such prices (including brokerage and other charges) as the Agency may in its discretion determine, but not in excess of par plus accrued interest. Any accrued interest payable upon the purchase of Bonds shall be paid from amounts held in the Tax Increment Fund for the payment of interest on the next following Interest Payment Date. Any Term Bonds so purchased shall be cancelled by the Trustee forthwith and shall not be reissued. The principal of any Term Bonds so purchased by the Trustee in any twelve-month period ending 60 days prior to any Sinking Account Payment Date in any year shall be credited towards and shall reduce the principal of such Term Bonds required to be redeemed on such Sinking Account Payment Date in such year.

Section 2.09 Execution of Bonds. The Chairperson or Vice Chairperson of the Agency shall execute each of the Bonds on behalf of the Secretary of the Agency or the City Clerk acting on behalf of the Agency, shall attest each of the Bonds on behalf of the Agency. Any of the signatures of said Chairperson, Vice Chairperson, Secretary and City Clerk may be by printed, lithographed or engraved facsimile reproduction. In case any officer whose signature appears on the Bonds shall cease to be such officer before the delivery of the Bonds to the purchaser thereof, such signature shall nevertheless be valid and sufficient for all purposes the same as though he had remained in office until such delivery of the Bonds. Any Bond may be signed and attested on behalf of the Agency by such persons as at the actual date of the execution of such Bond shall be the proper officers of the Agency although at the nominal date of such Bond any such person may not have been such officer of the Agency.

Except as may be provided in a Supplemental Indenture, only such of the Bonds as shall bear thereon a certificate of authentication and registration in the form hereinbefore recited, executed and dated by the Trustee, upon the Written Request of the Agency, shall be entitled to any benefits under the Indenture or be valid or obligatory for any purpose, and such certificate of the Trustee shall be conclusive evidence that the Bonds so registered have been duly issued and delivered hereunder and are entitled to the benefits of the Indenture.

Section 2.10 Transfer of Bonds. Any Bond may, in accordance with its terms, be transferred, upon the books required to be kept pursuant to the provisions of Section 2.12, by the person in whose name it is registered, in person or by his duly authorized attorney, upon surrender of such Bond at the Corporate Trust Office for cancellation, accompanied by delivery of a duly executed written instrument of transfer in a form approved by the Trustee.

Whenever any Bond or Bonds shall be surrendered for transfer, the Agency shall execute and the Trustee shall authenticate and deliver a new Bond or Bonds for a like aggregate principal amount of the same Series, interest rate and maturity date (and interest rate in the case of bifurcated maturities). The Trustee shall require the payment by the Owner requesting such transfer of any tax or other governmental charge required to be paid with respect to such transfer.

The Trustee shall not be required to register the transfer of any Bonds during the fifteen (15) days prior to the date of selection of the Bonds for redemption, or of any Bonds selected for redemption.

Section 2.11 Exchange of Bonds. The Bonds may be exchanged at the Corporate Trust Office for a like aggregate principal amount of Bonds of the same Series, interest rate and maturity date (and interest rate in the case of bifurcated maturities) in other authorized denominations. The Trustee shall require the payment by the Owner requesting such exchange of any tax or other governmental charge required to be paid with respect to such exchange.

The Trustee shall not be required to exchange any Bonds during the fifteen (15) days prior to the date of selection of the Bonds for redemption, or of any Bonds selected for redemption.

Section 2.12 Use of Depository. Notwithstanding any provision of the Indenture to the contrary:

(a) The Bonds shall be initially issued as provided in Section 2.01. Registered ownership of the Bonds, or any portion thereof, may not thereafter be transferred except:

(i) To any successor of the Securities Depository or its nominee, or to any substitute depository designated pursuant to clause (ii) of this subsection (a) ("Substitute Depository"); provided that any successor of the Securities Depository or Substitute Depository shall be qualified under any applicable laws to provide the service proposed to be provided by it;

(ii) To any Substitute Depository designated by the Agency and not objected to by the Trustee, upon (1) the resignation of the Securities Depository or its successor (or any Substitute Depository or its successor) from its functions as depository or (2) a determination by the Agency that the Securities Depository or its successor (or any Substitute Depository or its successor) is no longer able to carry out its functions as depository; provided that any such Substitute Depository shall be qualified under any applicable laws to provide the services proposed to be provided by it; or

(iii) To any person as provided below, upon (1) the resignation of the Securities Depository or its successor (or Substitute Depository or its successor) from its functions as depository; provided that no Substitute Depository which is not objected to by the Trustee can be obtained or (2) a determination by the Agency that it is in the best interests of the Agency to remove the Securities Depository or its successor (or any Substitute Depository or its successor) from its functions as depository.

(b) In the case of any transfer pursuant to clause (i) or clause (ii) of subsection (a) hereof, upon receipt of the Outstanding Bonds by the Trustee, together with a Written Request of

the Agency to the Trustee, a single new Bond shall be executed and delivered in the aggregate principal amount of the Bonds then Outstanding, registered in the name of such successor or such Substitute Depository, or their nominees, as the case may be, all as specified in such Written Request of the Agency. In the case of any transfer pursuant to clause (iii) of subsection (a) hereof, upon receipt of the Outstanding Bonds by the Trustee together with a Written Request of the Agency to the Trustee, new Bonds shall be executed and delivered in such denominations numbered in consecutive order and registered in the names of such persons as are requested in such a Written Request of the Agency, subject to the limitations of Section 2.02 hereof, provided the Trustee shall not be required to deliver such new Bonds within a period less than sixty (60) days from the date of receipt of such a Written Request of the Agency.

(c) In the case of partial redemption or an advance refunding of the Bonds evidencing all or a portion of the principal amount Outstanding, the Securities Depository shall make an appropriate notation on the Bonds indicating the date and amounts of such reduction in principal, in form acceptable to the Trustee.

(d) The Agency and the Trustee shall be entitled to treat the person in whose name any Bond is registered as the Owner thereof for all purposes of the Indenture and any applicable laws, notwithstanding any notice to the contrary received by the Trustee or the Agency; and the Agency and the Trustee shall have no responsibility for transmitting payments to, communication with, notifying, or otherwise dealing with any beneficial owners of the Bonds. Neither the Agency nor the Trustee will have any responsibility or obligations, legal or otherwise, to the beneficial owners or to any other party including the Securities Depository or its successor (or Substitute Depository or its successor), except for the Owner of any Bond.

(e) So long as the outstanding Bonds are registered in the name of Cede & Co. or its registered assign, the Agency and the Trustee shall cooperate with Cede & Co., as sole registered Owner, and its registered assigns in effecting payment of the principal of and redemption premium, if any, and interest on the Bonds by arranging for payment in such manner that funds for such payments are properly identified and are made immediately available on the date they are due.

Section 2.13 Bond Registration Books. (a) The Trustee will keep or cause to be kept sufficient books for the registration and transfer of the Bonds, which shall at all times, upon reasonable notice, be open to inspection by any Bondowner or his agent duly authorized in writing or the Agency; and, upon presentation for such purpose, the Trustee shall, under such reasonable regulations as it may prescribe, register or transfer or cause to be registered or transferred, on such books, Bonds as hereinbefore provided.

(b) The person in whose name any Bond shall be registered shall be deemed the owner thereof for all purposes thereof, and payment of or on account of the principal of, and the interest on or redemption price of by such Bond shall be made only to or upon the order in writing of such Owner, which payment shall be valid and effectual to satisfy and discharge the liability upon such Bond to the extent of the sum or sums so paid.

(c) Upon initial issuance of the Bonds, the ownership of all such Bonds shall be registered in the registration records maintained by the Trustee pursuant to Section 2.12 in the name of Cede & Co.

Section 2.14 Mutilated, Destroyed, Stolen or Lost Bonds. In case any Bond shall become mutilated, or shall be believed by the Agency or the Trustee to have been destroyed, stolen or lost, upon proof of ownership satisfactory to the Trustee, and upon the surrender of such mutilated Bond at the Corporate Trust Office or upon the receipt of evidence satisfactory to the Trustee of such destruction, theft or loss, and upon receipt also of indemnity for the Trustee and the Agency satisfactory to the Trustee, and upon payment by the Owner of all expenses incurred by the Agency and the Trustee, the Agency shall execute and the Trustee shall authenticate and deliver at said office a new Bond or Bonds of the same Series and maturity and for the same aggregate principal amount, of like tenor and date, bearing the same number or numbers, with such notations as the Trustee shall determine, in exchange and substitution for and upon cancellation of the mutilated Bond, or in lieu of and in substitution for the Bond so destroyed, stolen or lost.

If any such destroyed, stolen or lost Bond shall have matured or shall have been called for redemption, payment of the amount due thereon may be made by the Agency or the Trustee upon receipt of like proof, indemnity and payment of expenses.

Any such replacement Bonds issued pursuant to this section shall be entitled to equal and proportionate benefits with all other Bonds issued hereunder. The Agency and the Trustee shall not be required to treat both the original Bond and any duplicate Bond as being Outstanding for the purpose of determining the principal amount of Bonds which may be issued hereunder or for the purpose of determining any percentage of Bonds Outstanding hereunder, but both the original and replacement Bond shall be treated as one and the same.

Section 2.15 Validity of Bonds. The validity of the authorization and issuance of the Bonds shall not be affected in any way by any proceedings taken by the Agency for the financing or refinancing of any redevelopment project financed with proceeds of the Refunded Bonds, or by any contracts made by the Agency in connection therewith, and shall not be dependent upon the completion of the financing such redevelopment project or upon the performance by any person of his obligation with respect to such redevelopment project, and the recital contained in the Bonds that the same are issued pursuant to the Law shall be conclusive evidence of their validity and of the regularity of their issuance.

ARTICLE III

APPLICATION OF PROCEEDS OF BONDS

Section 3.01 Application of Proceeds of Sale of Series 2016 Bonds -- Allocation Among Funds and Accounts. The proceeds of the sale of the Series 2016 Bonds shall be deposited with the Trustee and shall be held in trust and set aside or transferred by the Trustee as set forth below:

The proceeds (net of an allocable portion of underwriter's discount and premiums paid to the [2016 Bond Insurer] for its [2016 Reserve Policy] and 2016 Bond Insurance Policy) of the sale of the Series 2016A Bonds shall be deposited with the Trustee in the Bond Proceeds Fund, which the Trustee shall establish, and shall be held in trust and set aside or transferred by the Trustee as follows:

(a) The Trustee shall deposit in the Reserve Account established pursuant to Section 5.03(d) hereof the [2016 Reserve Policy];

(b) The Trustee shall transfer $_____ to the Escrow Agent for deposit as provided in the Escrow Agreement; and

(c) The Trustee shall transfer $_____ to the Costs of Issuance Fund for the payment of the Costs of Issuance allocable to the Series 2016A Bonds.

The proceeds (net of an allocable portion of underwriter's discount and premiums paid to the [2016 Bond Insurer] for its [2016 Reserve Policy] and 2016 Bond Insurance Policy) of the sale of the [Series 2016B Bonds] shall be deposited with the Trustee in the Bond Proceeds Fund and shall be held in trust and set aside or transferred by the Trustee as follows:

(a) The Trustee shall transfer $_____ to the Escrow Agent for deposit as provided in the Escrow Agreement; and

(b) The Trustee shall transfer $_____ to the Costs of Issuance Fund for the payment of the Costs of Issuance allocable to the Series 2016B Bonds.

Following the deposits and transfers set forth above, the Trustee shall close the Bond Proceeds Fund. The Trustee may establish and use temporary funds or accounts in its records to facilitate and record such deposits and transfers.

ARTICLE IV

ISSUANCE OF ADDITIONAL BONDS

Section 4.01 Conditions for the Issuance of Additional Bonds. The Agency may at any time after the issuance and delivery of the Series 2016 Bonds hereunder issue Additional Bonds hereunder payable from the Pledged Tax Revenues and secured by a lien and charge upon the Pledged Tax Revenues equal to and on a parity with the lien and charge securing the Outstanding Bonds theretofore issued under the Indenture, for the purpose of refunding bonds or other indebtedness of the Agency or the Dissolved RDA (including, without limitation, refunding Bonds outstanding under the Indenture) in accordance with the Law, including payment of all costs incidental to or connected with such refunding or providing for the funding of related reserves, but only subject to the following specific conditions, which are hereby made conditions precedent to the issuance of any such Additional Bonds:

(a) A Written Request of the Agency shall have been filed with the Trustee containing a statement to the effect that the Agency shall be in compliance with all

covenants set forth in the Indenture and any Supplemental Indentures, and no Event of Default shall have occurred and be continuing.

(b) The issuance of such Additional Bonds shall have been duly authorized pursuant to the Law and all applicable laws, and the issuance of such Additional Bonds shall have been provided for by a Supplemental Indenture; which shall specify the following:

(i) The authorized principal amount of such Additional Bonds;

(ii) The date and the maturity date or dates of such Additional Bonds; provided that (i) Principal Payment Dates and Sinking Account Payment Dates may occur only on Interest Payment Dates, and (ii) fixed serial maturities or mandatory Sinking Account Installments, or any combination thereof, shall be established to provide for the retirement of all such Additional Bonds on or before their respective maturity dates;

(iii) The Interest Payment Dates for such Additional Bonds; provided that Interest Payment Dates shall be on the same semiannual dates as the Interest Payment Dates for Series 2016 Bonds;

(iv) The denomination and method of numbering of such Additional Bonds;

(v) The redemption premiums, if any, and the redemption terms, if any, for such Additional Bonds;

(vi) The amount and due date of each mandatory Sinking Account Installment, if any, for such Additional Bonds;

(vii) The amount, if any, to be deposited from the proceeds of such Additional Bonds in the Reserve Account; provided that the amount deposited in or credited to such Reserve Account shall be increased at or prior to the time such Additional Bonds become Outstanding to an amount at least equal to the Reserve Requirement on all then Outstanding Bonds and such Additional Bonds, and that an amount at least equal to the Reserve Requirement on all Outstanding Bonds shall thereafter be maintained in or credited to such Reserve Account;

(viii) The form of such Additional Bonds; and

(ix) Such other provisions, as are necessary or appropriate and not inconsistent with the Indenture.

(c) Such Additional Bonds may be issued only for the purpose of refunding bonds or other indebtedness of the Agency or its Dissolved RDA (including, without limitation, refunding Bonds outstanding under the Indenture) in accordance with the Law, including payment of all costs incidental to or connected with such refunding and funding or providing for the funding of related reserves, and the payment of all costs incidental to

or connected with such refunding, provided that the issuance of such Additional Bonds shall comply with the terms of California Health and Safety Code Section 34177.5.

Nothing contained in the Indenture shall limit the issuance of any tax increment bonds or other obligations of the Agency secured by a lien and charge on Pledged Tax Revenues junior to that of the Bonds.

Section 4.02 Procedure for the Issuance of Additional Bonds. All of the Additional Bonds shall be executed by the Agency for issuance under the Indenture and delivered to the Trustee and thereupon shall be delivered by the Trustee upon the Written Request of the Agency, but only upon receipt by the Trustee of the following documents or money or securities:

(a) A certified copy of the Supplemental Indenture authorizing the issuance of such Additional Bonds;

(b) A Written Request of the Agency as to the authentication and delivery of such Additional Bonds;

(c) An opinion of Bond Counsel to the effect that (1) the Agency has the right and power under the Law to enter into the Indenture and all Supplemental Indentures thereto, and the Indenture and all such Supplemental Indentures have been duly executed by the Agency and are valid and binding upon the Agency and enforceable against the Agency in accordance with their terms (except as enforcement may be limited by bankruptcy, insolvency, reorganization and other similar laws relating to the enforcement of creditors' rights, by application of equitable principles and by exercise of judicial discretion in appropriate cases), and no other authorization for the Indenture or such Supplemental Indentures is required; (2) the Indenture creates the valid pledge which it purports to create of the Pledged Tax Revenues as provided in the Indenture, subject to the application thereof to the purposes and on the conditions permitted by the Indenture; and (3) such Additional Bonds are valid and binding special obligations of the Agency, enforceable in accordance with their terms (except as enforcement may be limited by bankruptcy, insolvency, reorganization and other similar laws relating to the enforcement of creditors' rights, by application of equitable principles and by exercise of judicial discretion in appropriate cases) and the terms of the Indenture and all Supplemental Indentures thereto and entitled to the benefits of the Indenture and all such Supplemental Indentures and the Law, and such Additional Bonds have been duly and validly authorized and issued in accordance with the Law and the Indenture and all such Supplemental Indentures;

(d) A Written Request of the Agency containing such statements as may be reasonably necessary to show compliance with the requirements of the Indenture; and

(e) Such further documents, money and securities as are required by the provisions of the Indenture and the Supplemental Indenture providing for the issuance of such Additional Bonds.

ARTICLE V

PLEDGED TAX REVENUES; CREATION OF FUNDS

Section 5.01 Pledge of Pledged Tax Revenues; Tax Increment Fund. Subject only to the provisions of the Indenture permitting the application thereof for the purposes and on the terms and conditions set forth herein, all of the Pledged Tax Revenues and all amounts on deposit from time to time in the funds and accounts established hereunder (other than the Expense Account and the Rebate Fund) are hereby pledged to the payment of the principal of and interest on the Outstanding Bonds and any Parity Debt as provided herein. The Agency hereby irrevocably grants to the Trustee for the benefit of the [2016 Bond Insurer], the issuer of the [2016 Reserve Policy] and the Owners of the Outstanding Bonds a first charge and lien on, and a security interest in, and hereby pledges and assigns, the Pledged Tax Revenues, whether held by the Agency, the County Auditor-Controller or the Trustee, and all amounts in the funds and accounts established hereunder (other than the Expense Account and the Rebate Fund), including the "Successor Agency to the Dissolved Redevelopment Agency of the City of Lincoln Tax Increment Fund" (hereinafter called the "Tax Increment Fund"), which is hereby created by the Agency and which fund the Agency hereby covenants and agrees to maintain with the Trustee so long as any Bonds shall be Outstanding hereunder or amounts are owed to the [2016 Bond Insurer] or the issuer of the [2016 Reserve Policy], to the Trustee for the benefit of the [2016 Bond Insurer], the issuer of the [2016 Reserve Policy] and the Owners of the Outstanding Bonds.

Notwithstanding the foregoing, there shall not be deposited with the Trustee for deposit in the Tax Increment Fund any taxes eligible for allocation to the Agency pursuant to the Law in an amount in excess of that amount which, together with all money then on deposit with the Trustee in the Tax Increment Fund and the accounts therein, shall be sufficient to discharge all Outstanding Bonds as provided in Article X hereof. No additional bonds payable from Pledged Tax Revenues on a basis senior to or on a parity with the Bonds will be issued.

The Agency covenants and agrees that all Pledged Tax Revenues when and as received, will be received by the Agency in trust hereunder and will be transferred to the Trustee within a reasonable period of time from the receipt by the Agency thereof, for deposit by the Trustee in the Tax Increment Fund and will be accounted for through and held in trust in the Tax Increment Fund, and the Agency shall have no beneficial right or interest in any of such money, except only as specifically provided otherwise in the Indenture. All such Pledged Tax Revenues, whether received by the Agency and held in trust pending transfer or deposited with the Trustee, all as herein provided, shall nevertheless be disbursed, allocated and applied solely to the uses and purposes hereinafter set forth in the Indenture, and shall be accounted for separately and apart from all other money, funds, accounts or other resources of the Agency. Any Pledged Tax Revenues received by the Trustee in the Tax Increment Fund (other than amounts deposited in the Reserve Account) in excess of the amounts required to be held by the Trustee in the Tax Increment Fund shall be released from the pledge and lien hereunder and transferred to the Agency and may be used for any lawful purpose of the Agency.

Pursuant to the laws of the State of California, including California Health and Safety Code Sections 34183 and 34170.5(b), the County Auditor-Controller is obligated to deposit the

Pledged Tax Revenues into the Redevelopment Property Tax Trust Fund. In furtherance of this Section 5.01 and the Dissolution Act, and in accordance with the County Auditor-Controller's obligations as set forth in California Health and Safety Code Section 34183, the Agency shall take all steps to ensure that the County Auditor-Controller (1) deposits the Pledged Tax Revenues into the Redevelopment Property Tax Trust Fund, (2) allocates funds for the principal and interest payments due on the Senior Loan, the Outstanding Bonds and any Parity Debt and any deficiency in the Reserve Account (including amounts due to the issuer of the [2016 Reserve Policy]) pursuant to each valid Recognized Obligation Payment Schedule in accordance with the Dissolution Act and as provided in this Section 5.01, and (3) make the transfers to the Trustee required under Section 5.02 of the Indenture.

The Agency will take all actions required under the Dissolution Act to include on its ROPS the amounts described below to be transmitted to the Trustee for the applicable ROPS Period in order to satisfy the requirements of the Indenture, including any amounts required to pay principal and interest payments due on Outstanding Bonds and any Parity Debt, any Compliance Costs, any deficiency in the Reserve Account to the full amount of the Reserve Requirement (including amounts due to the issuer of the [2016 Reserve Policy]). The Agency shall submit an Oversight Board-approved ROPS to the County Auditor-Controller and the Department of Finance on or before February 1 with respect to the ROPS Period commencing the following July 1.

Expected Compliance Costs, if any, will be included in each ROPS in accordance with the Dissolution Act.

In furtherance of such pledge, and in preparing a given ROPS, the Agency shall reflect on each annual ROPS that the amount due to the Trustee, received in trust from the County Auditor-Controller for deposit in the Tax Increment Fund on January 2 of the then-current calendar year from Pledged Tax Revenues required to be deposited into the RPTTF shall equal (1) [one-half] of the sum of (a) all scheduled principal payments and Sinking Account Installments due and payable on the Outstanding Bonds and any Parity Debt during the then-current calendar year as shown on Appendix B - Schedule of Semi-Annual and Annual Interest and Principal Payments of the Outstanding Bonds, (b) all scheduled payments due and payable on the Senior Loan during the then-current calendar year and (c) all scheduled interest payments due and payable on the Outstanding Bonds and any Parity Debt during the then-current calendar year as shown on Appendix B - Schedule of Semi-Annual and Annual Interest and Principal Payments of the Outstanding Bonds, plus (2) the amount of any deficiency in the Reserve Account (including amounts due to the issuer of the [2016 Reserve Policy]), less (3) the amounts, if any, on deposit in the Tax Increment Fund as of the date of submission for the ROPS pursuant to this Section that are in excess of the amounts required to be applied to payment of principal of or interest or sinking account payments on the Outstanding Bonds and any Parity Debt in the then current calendar year. The amount due to the Trustee from the County Auditor-Controller for deposit in the Tax Increment Fund on June 1 of the then-current calendar year from amounts required to be deposited into the RPTTF shall be equal to the remainder due and payable on the Outstanding Bonds and any Parity Debt during the then-current calendar year in an amount equal to not less than (1) the remaining [one-half] of the sum of (a) all scheduled principal payments and Sinking Account Installments due and payable on the Outstanding Bonds and any Parity Debt during the then-current calendar year as shown on Appendix B - Schedule of Semi-Annual and Annual

Interest and Principal Payments of the Outstanding Bonds, (b) all scheduled payments due and payable on the Senior Loan during the then-current calendar year and (c) all scheduled interest payments due and payable on the Outstanding Bonds and any Parity Debt during the then-current calendar year as shown on Appendix B - Schedule of Semi-Annual and Annual Interest and Principal Payments of the Outstanding Bonds, plus (2) the amount of any remaining deficiency in the Reserve Account.

Pledged Tax Revenues received by the Agency during a ROPS Period in excess of the amount required, as provided in this Section, to be deposited in the Tax Increment Fund shall, immediately following the deposit with the Trustee of the amounts required to be so deposited as provided in this Section on each such date, be released from the pledge, security interest and lien hereunder for the security of the Outstanding Bonds, and may be applied by the Agency for any lawful purpose of the Agency, including but not limited to the payment of subordinate debt, or the payment of any amounts due and owing to the United States of America pursuant to Section 6.11. Prior to the payment in full of the principal of and interest and redemption premium (if any) on the Outstanding Bonds and any Parity Debt and the payment in full of all other amounts payable hereunder and under any Supplemental Indentures, the Agency shall not have any beneficial right or interest in the moneys on deposit in the Tax Increment Fund, except as may be provided in the Indenture and in any Supplemental Indenture.

Section 5.02 Receipt and Deposit of Pledged Tax Revenues. The Agency covenants and agrees that all Pledged Tax Revenues, when and as received in accordance with Section 5.01 hereof, will be received by the Agency in trust hereunder and shall be deemed to be held by the Agency as agent for the Trustee and will, not later than five (5) Business Days following such receipt, be deposited by the Agency with the Trustee in the Tax Increment Fund and will be accounted for through and held in trust in the Tax Increment Fund, and the Agency shall have no beneficial right or interest in any of such money, except only as in the Indenture provided; provided that the Agency shall not be obligated to deposit in the Tax Increment Fund in any calendar year an amount which exceeds the amounts required to be transferred to the Trustee for deposit into the Tax Increment Fund pursuant to Section 5.01. All such Pledged Tax Revenues, whether received by the Agency in trust or deposited with the Trustee, all as herein provided, shall nevertheless be disbursed, allocated and applied solely to the uses and purposes set forth herein, and shall be accounted for separately and apart from all other money, funds, accounts or other resources of the Agency.

Section 5.03 Establishment and Maintenance of Accounts for Use of Moneys in the Tax Increment Fund. All Pledged Tax Revenues in the Tax Increment Fund shall be set aside by the Trustee in each Bond Year when and as received in the following respective special accounts within the Tax Increment Fund (each of which is hereby created and each of which the Agency hereby covenants and agrees to cause to be maintained with the Trustee so long as the Bonds shall be Outstanding hereunder), in the following order of priority (except as otherwise provided in subsection (b) below):

(1) Interest Account;

(2) Principal Account;

(3) Reserve Account; and

(4) Expense Account.

All moneys in each of such accounts shall be held in trust by the Trustee and shall be applied, used and withdrawn only for the purposes hereinafter authorized in this Section 5.03.

(a) Interest Account. The Trustee shall set aside from the Tax Increment Fund and deposit in the Interest Account an amount of money which, together with any money contained therein, is equal to the aggregate amount of the interest becoming due and payable on all Outstanding Bonds on the Interest Payment Dates in such Bond Year. No deposit need be made into the Interest Account if the amount contained therein is at least equal to the aggregate amount of the interest becoming due and payable on all Outstanding Bonds on the Interest Payment Dates in such Bond Year. All moneys in the Interest Account shall be used and withdrawn by the Trustee solely for the purpose of paying the interest on the Bonds as it shall become due and payable (including accrued interest on any Bonds purchased or redeemed prior to maturity).

(b) Principal Account. The Trustee shall set aside from the Tax Increment Fund and deposit in the Principal Account an amount of money which, together with any money contained therein, is equal to the aggregate amount of principal becoming due and payable (either by redemption, including from Sinking Account Installments, or by maturity) on all Outstanding Bonds in such Bond Year. No deposit need be made into the Principal Account if the amount contained therein is at least equal to the aggregate amount of principal of all Outstanding Bonds becoming due and payable (either by redemption, including from Sinking Account Installments, or by maturity) in such Bond Year. All money in the Principal Account shall be used and withdrawn by the Trustee solely for the purpose of paying principal, redemption price or Sinking Account Installment of the Bonds as they become due and payable.

In the event that there shall be insufficient money in the Tax Increment Fund to pay in full all such principal and Sinking Account Installments due pursuant to Section 5.03(c) hereof in such Bond Year, then the money available in the Tax Increment Fund shall be applied *pro rata* to the payment of such principal and Sinking Account Installments in the proportion which all such principal and Sinking Account Installments bear to each other.

(c) Reserve Account. The Trustee shall set aside from the Tax Increment Fund and deposit in the Reserve Account such amount as may be necessary to maintain on deposit therein an amount equal to the Reserve Requirement. No deposit need be made into the Reserve Account so long as there shall be on deposit therein an amount equal to the Reserve Requirement. All money in or credited to the Reserve Account shall be used and withdrawn by the Trustee solely for the purpose of replenishing the Interest Account or the Principal Account in such order, in the event of any deficiency in any of such accounts occurring on any Interest Payment Date, Principal Payment Date or Sinking Account Payment Date, or for the purpose of paying the interest on or the principal of the Bonds in the event that no other money of the Agency is lawfully available therefor, or for the retirement of all Bonds then Outstanding, except that for so long as the Agency is not in default hereunder, any amount in the Reserve Account in excess of the Reserve Requirement shall be transferred to the Tax Increment Fund.

On any date on which Bonds are defeased in accordance with Section 11.02 hereof, the Trustee shall, if so directed in a Written Request of the Agency, transfer any moneys in the Reserve Account in excess of the Reserve Requirement resulting from such defeasance to the entity or fund so specified in such Written Request of the Agency, to be applied to such defeasance.

If at any time the Trustee fails to pay principal or interest due on any scheduled payment date for the Bonds and any Parity Debt or withdraws funds from the Reserve Account to pay principal and interest on the Bonds and any Parity Debt, the Trustee shall notify the Agency in writing of such failure or withdrawal, as applicable.

[The prior written consent of the [2016 Bond Insurer] shall be a condition precedent to the deposit of any Qualified Reserve Account Credit Instrument credited to the Reserve Account established for the Series 2016 Bonds (other than the [2016 Reserve Policy]) in lieu of a cash deposit into the Reserve Account. Amounts drawn under the [2016 Reserve Policy] shall be available only for the payment of scheduled principal and interest on the Series 2016 Bonds when due.]

The Trustee shall ascertain the necessity for a claim upon the [2016 Reserve Policy] in accordance with the provisions of paragraph (a) of Section 5.05 hereof and to provide notice to the [2016 Bond Insurer] in accordance with the terms of the [2016 Reserve Policy] at least five Business Days prior to each date upon which interest or principal is due on the Series 2016 Bonds, respectively. Where deposits are required to be made by the Agency with the Trustee to the Interest Account and Principal Account of the Tax Increment Fund for the Series 2016 Bonds, respectively, more often than semi-annually, the Trustee shall be instructed to give notice to the [2016 Bond Insurer] of any failure of the Agency to make timely payment in full of such deposits within two Business Days of the date due.

(d) Expense Account. The Trustee shall set aside from the Tax Increment Fund and deposit in the Expense Account such amount as may be necessary to pay from time to time Compliance Costs as specified in a Written Request of the Agency setting forth the amounts. All moneys in the Expense Account shall be applied to the payment of Compliance Costs, upon presentation of a Written Request of the Agency setting forth the amounts, purposes, the names of the payees and a statement that the amounts to be paid are proper charges against the Expense Account. So long as any of the Bonds herein authorized, or any interest thereon, remain unpaid, the moneys in the Expense Account shall be used for no purpose other than those required or permitted by the Indenture and the Law.

Section 5.04 Investment of Moneys in Funds and Accounts. Moneys in the Costs of Issuance Fund and the Tax Increment Fund and all the accounts thereunder, upon the Written Request of the Agency, shall be invested by the Trustee in Permitted Investments. If such instructions are not provided, the Trustee shall invest such funds in Permitted Investments described in clause (6) of the definition thereof; provided, however, that any such investment shall be made by the Trustee only if, prior to the date on which such investment is to be made, the Trustee shall have received a written direction specifying a specific money market fund and, if no such written direction is so received, the Trustee shall hold such moneys uninvested. Permitted Investments purchased with amounts on deposit in the Reserve Account shall have an

average aggregate weighted term to maturity of not greater than five (5) years; provided, however, that if such investments may be redeemed at par so as to be available on each Interest Payment Date, any amount in the Reserve Account may be invested in such redeemable Permitted Investments maturing on any date on or prior to the final maturity date of the Bonds. The Permitted Investments in which moneys in the Tax Increment Fund and the accounts thereunder and the Costs of Issuance Fund are so invested shall mature prior to the date on which such moneys are estimated to be required to be paid out hereunder. Any interest, income or profits from the deposits or investments of all other funds and accounts held by the Trustee (other than the Expense Account and the Rebate Fund) shall be deposited in the Tax Increment Fund. For purposes of determining the amount on deposit in any fund or account held by the Trustee hereunder, all Permitted Investments credited to such fund or account shall be valued at the lower of cost or the market price thereof (excluding accrued interest and brokerage commissions, if any); provided that Permitted Investments credited to the Reserve Account shall be valued at market value (exclusive of accrued interest and brokerage commissions, if any), and any deficiency in the Reserve Account resulting from a decline in market value shall be restored to the Reserve Requirement no later than the next Bond Year. Amounts in the funds and accounts held by the Trustee under the Indenture shall be valued at least annually on the first day of August after the principal payment has been made.

The Agency acknowledges that to the extent regulations of the Comptroller of the Currency or other applicable regulatory entity grant the Agency the right to receive brokerage confirmations of security transactions as they occur, the Agency waives the right to receive such confirmations to the extent permitted by law. The Agency further understands that trade confirmations for securities transactions effected by the Trustee will be available upon request and at no additional cost and other trade confirmations may be obtained from the applicable broker. The Trustee will furnish the Agency periodic cash transaction statements pursuant to section 7.02(l) hereof, which shall include detail for all investment transactions made by the Trustee hereunder. Upon the Agency's election, such statements will be delivered via the Trustee's online service and upon electing such service, paper statements will be provided only upon request.

The Trustee or any of its affiliates may act as agent, sponsor or advisor in connection with any investment made by the Trustee hereunder. To the extent Permitted Investments are registrable, such investments shall be registered in the name of the Trustee. The Trustee may sell or present for redemption, any securities so purchased whenever it shall be necessary to provide moneys to meet any required payment, transfer, withdrawal or disbursement from the fund or account to which such securities are credited, and the Trustee shall not be responsible for any loss resulting from such investment. The Trustee is hereby authorized to, in making or disposing of any investment permitted by this Section, to deal with itself (in its individual capacity) or with any one or more of its affiliates, whether it or such affiliate is acting as an agent of the Trustee or for any third person or dealing as principal for its own account. The Trustee shall have no investment discretion.

Section 5.05 [INCLUDE TERMS IF PURCHASING COVERAGE] 2016 Reserve Policy Payment and Reimbursement Provisions. The following provisions shall govern in the event of a conflict with any contrary provision of the Indenture.

(a) [To come from insurer, if any].

Section 5.06 Costs of Issuance Fund. Moneys deposited in the Costs of Issuance Fund shall be held by the Trustee in trust and applied to the payment of Costs of Issuance upon a Requisition of the Agency filed with the Trustee. Each such requisition shall be sufficient evidence to the Trustee of the facts stated therein and the Trustee shall have no duty to confirm the accuracy of such facts. In no event shall moneys from any other fund or account established hereunder be used to pay Costs of Issuance. All payments from the Costs of Issuance Fund shall be reflected on the Trustee's regular accounting statements. At the end of twelve months from the date of issuance of the Bonds, or upon earlier receipt of a Written Order of the Agency stating that amounts in such fund are no longer required for the payment of Costs of Issuance, such fund shall be terminated and any amounts then remaining in such fund shall be transferred to the Tax Increment Fund. The Trustee shall then close the Costs of Issuance Fund.

ARTICLE VI

COVENANTS OF THE AGENCY

Section 6.01 Punctual Payment. The Agency will punctually pay the principal of, premium, if any, and the interest to become due with respect to the Bonds, in strict conformity with the terms of the Bonds and of the Indenture and will faithfully satisfy, observe and perform all conditions, covenants and requirements of the Bonds and of the Indenture.

Section 6.02 Against Encumbrances. The Agency will not mortgage or otherwise encumber, pledge or place any charge upon any of the Pledged Tax Revenues, except as provided in the Indenture, and will not issue any obligation or security superior to or on a parity with then Outstanding Bonds payable in whole or in part from the Pledged Tax Revenues (other than Additional Bonds in accordance with Section 4.01).

Section 6.03 Extension or Funding of Claims for Interest. In order to prevent any claims for interest after maturity, the Agency will not, directly or indirectly, extend or consent to the extension of the time for the payment of any claim for interest on any Bonds and will not, directly or indirectly, be a party to or approve any such arrangements by purchasing or funding said claims for interest or in any other manner. In case any such claim for interest shall be extended or funded, whether or not with the consent of the Agency, such claim for interest so extended or funded shall not be entitled, in case of default hereunder, to the benefits of the Indenture, except subject to the prior payment in full of the principal of the Bonds then Outstanding and of all claims for interest which shall not have been so extended or funded.

Section 6.04 Payment of Claims. Subject to the terms of the Dissolution Act, the Agency will pay and discharge any and all lawful claims for labor, materials or supplies which, if unpaid, might become a lien or charge upon the properties owned by the Agency or upon the Pledged Tax Revenues or any part thereof, or upon any funds in the hands of the Trustee, or which might impair the security of the Bonds; provided that nothing herein contained shall require the Agency to make any such payments so long as the Agency in good faith shall contest the validity of any such claims.

Section 6.05 Books and Accounts; Financial Statements. The Agency will keep proper books of record and accounts, separate from all other records and accounts of the Agency, in which complete and correct entries shall be made of all transactions relating to the Tax Increment Fund. Such books of record and accounts shall at all times during business hours be subject to the inspection of the Trustee (who shall have no duty to inspect) and the Owners of not less than ten per cent (10%) of the aggregate principal amount of Bonds Outstanding or their representatives authorized in writing.

The Agency will prepare and file with the Trustee and the Bond Insurer annually, so long as any Bonds are Outstanding, the audited financial statements of the Agency as part of the Annual Report (as defined in the Continuing Disclosure Agreement), provided, however, that the audited financial statements of the Agency may be submitted separately from the balance of the Annual Report, and later than the date required for the filing of the Annual Report and as soon as practicable if they are not available by that date.

Section 6.06 Protection of Security and Rights of Owners. The Agency will preserve and protect the security of the Bonds and the rights of the Owners, and will warrant and defend their rights against all claims and demands of all persons. From and after the sale and delivery of any Bonds by the Agency, such Bonds shall be incontestable by the Agency.

Section 6.07 Payment of Taxes and Other Charges. The Agency will pay and discharge all taxes, service charges, assessments and other governmental charges which may hereafter be lawfully imposed upon the Agency or any properties owned by the Agency in the Project Area, or upon the revenues therefrom, when the same shall become due; provided that nothing herein contained shall require the Agency to make any such payments so long as the Agency in good faith shall contest the validity of any such taxes, service charges, assessments or other governmental charges.

Section 6.08 Amendment of Redevelopment Plan. The Agency will not amend the Redevelopment Plan except as provided in this section and as permitted by the Law. If the Agency proposes to amend the Redevelopment Plan, it shall cause to be filed with the Trustee a Consultant's Report on the effect of such proposed amendment. If the Consultant's Report concludes that Pledged Tax Revenues will not be materially reduced by such proposed amendment, the Agency may undertake such amendment. If the Consultant's Report concludes that Pledged Tax Revenues will be materially reduced by such proposed amendment, the Agency may not undertake such proposed amendment. Notwithstanding the foregoing, the Agency must obtain the Bond Insurer's prior written consent for any amendment of the Redevelopment Plan that is not required by law and would (i) reduce the amount of Pledged Tax Revenues that may be received by the Agency or (ii) reduce the period during which the Agency may collect Pledged Tax Revenues.

Section 6.09 Pledged Tax Revenues. The Agency shall comply with all requirements of the Law to ensure the allocation and payment to it of the Pledged Tax Revenues, including without limitation the timely filing of any necessary ROPS. The Agency shall manage its fiscal affairs in a manner so that it will have sufficient Pledged Tax Revenues available under the Redevelopment Plan in the amounts and at the times required to enable the Agency to pay the

principal of, premium, if any and interest on the outstanding Senior Loan, and any parity debt thereof, and the Series 2016 Bonds and any Parity Debt when due.

Section 6.10 Further Assurances. The Agency will adopt, make, execute and deliver any and all such further resolutions, instruments and assurances as may be reasonably necessary or proper to carry out the intention or to facilitate the performance of the Indenture, and for the better assuring and confirming unto the Owners of the Bonds of the rights and benefits provided in the Indenture.

Section 6.11 Tax Covenants; Rebate Fund.

(a) The Agency covenants that it will not take any action, or fail to take any action, if any such action or failure to take action would adversely affect the exclusion from gross income of the interest on any of the Tax Exempt Bonds under Section 103 of the Code. Without limiting the generality of the foregoing, the Agency shall comply with the requirements of the Tax Certificate, which is incorporated herein as if fully set forth herein. This covenant shall survive payment in full or defeasance of the Bonds.

(b) The Agency agrees that there shall be paid from time to time all amounts required to be rebated to the United States pursuant to Section 148(f) of the Code and any temporary, proposed or final Treasury Regulations as may be applicable to the Tax Exempt Bonds from time to time.

(c) The Trustee, when required, shall establish and maintain a fund separate from any other fund established and maintained hereunder designated as the Rebate Fund. Notwithstanding any other provision of the Indenture to the contrary, all amounts deposited into or on deposit in the Rebate Fund shall be governed by this Section 6.11 and by the Tax Certificate (which is incorporated herein by reference). The Agency shall cause to be deposited in the Rebate Fund the Rebate Requirement as provided in the Tax Certificate. Subject to the provisions of this Section 6.11, all money at any time deposited in the Rebate Fund shall be held by the Trustee in trust for payment to the federal government of the United States of America from time to time in accordance with the Tax Certificate. The Agency and the Owners shall have no rights in or claim to such money.

(d) Upon the written direction of the Agency, the Trustee shall invest all amounts held in the Rebate Fund in Permitted Investments, subject to the restrictions set forth in the Tax Certificate.

(e) Upon receipt of the Rebate Instructions required to be delivered to the Trustee by the Tax Certificate, the Trustee shall remit part or all of the balances held in the Rebate Fund to the Trustee for payment to the federal government of the United States of America, as so directed. In addition, if the Rebate Instructions so direct, the Trustee shall deposit moneys into or transfer moneys out of the Rebate Fund from or into such accounts or funds as the Rebate Instructions direct. Any funds remaining in the Rebate Fund after redemption and payment of all of the Tax Exempt Bonds and payment of any required rebate amount, or provision made therefor satisfactory to the Trustee, shall be withdrawn and remitted to the Agency.

(f) The Trustee shall have no obligation to pay any amounts required to be remitted pursuant to this Section 6.11, other than from moneys held in the funds and accounts created under the Indenture or from other moneys provided to it by the Agency.

(g) The Trustee shall conclusively be deemed to have complied with the provisions of this Section 6.11 and the Tax Certificate if it follows the directions of the Agency set forth in the Rebate Instructions, and shall not be required to take any actions thereunder in the absence of Rebate Instructions from the Agency.

(h) Notwithstanding any other provision of the Indenture, the obligation of the Agency to remit or cause to be remitted any required rebate amount to the United States government and to comply with all other requirements of this Section 6.11 and the Tax Certificate shall survive the defeasance or payment in full of the Tax Exempt Bonds.

(i) Notwithstanding any provision of this Section 6.11 to the contrary, if the Agency shall provide to the Trustee an opinion of counsel of recognized standing in the field of law relating to municipal bonds (and approved in writing by the Agency) to the effect that any action required under this Section 6.11 is no longer required, or that some further or different action is required, to maintain the exclusion from federal gross income of the interest on the Tax Exempt Bonds pursuant to the Code, the Trustee and the Agency may conclusively rely on such opinion in complying with the provisions of this Section 6.11, and the provisions hereof shall be deemed to be modified to that extent.

Section 6.12 Compliance with the Dissolution Act. The Agency covenants that in addition to complying with the requirements of Section 5.01 hereof, it will comply with all other requirements of the Dissolution Act. Without limiting the generality of the foregoing, the Agency covenants and agrees to file all required statements and seek all necessary successor agency or an oversight board approvals required under the Dissolution Act to assure compliance by the Agency with its covenants under the Indenture. Further, the Agency will take all actions required under the Dissolution Act to include on its ROPS for each ROPS Period all payments expected to be made to the Trustee in order to satisfy the requirements of the Indenture, including any amounts required to pay principal and interest payments due on the Senior Loan, which has a final payment date of September 15, 2017, the Outstanding Bonds and any Parity Debt, any deficiency in the Reserve Account to the full amount of the Reserve Requirement (including amounts due to the [2016 Bond Insurer] as issuer of the [2016 Reserve Policy]) and any deficiency in the reserve accounts under the indentures for the Senior Loan, any Compliance Costs, and any required debt service, reserve set-asides, and any other payments required under the Indenture or similar documents pursuant to Section 34171(d)(1)(A) of the California Health and Safety Code, so as to enable the County Auditor-Controller to distribute from the RPTTF amounts to the Trustee for deposit in the Tax Increment Fund on each ROPS Distribution Date amounts required for the Agency to pay the principal of, premium, if any, and the interest on the Outstanding Bonds and any Parity Debt coming due in the respective ROPS Period. These actions will include, without limitation, placing on the periodic ROPS for approval by the Oversight Board and the DOF, to the extent necessary, the amounts to be held by the Agency as a reserve until the next ROPS Period, as contemplated by paragraph (1)(A) of subdivision (d) of Section 34171 of the Dissolution Act, that are necessary to provide for the payment of principal of, premium, if any, and the interest under the Indenture when the next property tax allocation is

projected to be insufficient to pay all obligations due under the Indenture for the next payment due in the following ROPS Period.

The Agency covenants that (i) it will include all amounts presently due and payable to the [2016 Bond Insurer] on each Recognized Payment Obligation Schedule ("ROPS") submission, (ii) if any amounts payable to the [2016 Bond Insurer] are not included on any current ROPS and the Agency is then legally permitted to amend such ROPS, the Agency will amend its current ROPS to include such amounts payable to the [2016 Bond Insurer], and (iii) the Agency will not submit for approval by the Oversight Board or the DOF a ROPS covering multiple ROPS Periods or any Last and Final Recognized Obligation Payment Schedule as provided in the Dissolution Law without the prior consent of the [2016 Bond Insurer].

Section 6.13 Negative Pledge. The Agency may not create or allow to exist any liens on Pledged Tax Revenues senior to (except as provided in the Senior Loan) or on a parity with the Series 2016 Bonds except as provided in Article IV hereof.

Section 6.14 Adverse Change in State Law. If, due to an adverse change in State law resulting from legislation or the decision of a court of competent jurisdiction, the Agency determines that it can no longer comply with Section 6.12, then the Agency shall immediately notify the County Auditor-Controller and the Trustee in writing of such determination. The Agency shall immediately seek a declaratory judgment or take other appropriate action in a court of competent jurisdiction to determine the duties of all parties to the Indenture, including the County Auditor-Controller and the Agency, with regard to the performance of Section 6.12 by the Agency. The Trustee may, but is in no event obligated to, participate in the process of seeking such declaratory judgment to protect its rights hereunder. Any reasonable fees and expenses incurred by the Trustee (including, without limitation, legal fees and expenses) in connection with such participation shall be borne by the Agency.

Section 6.15 Credits to Redevelopment Obligation Retirement Fund. The Agency covenants to credit all Pledged Tax Revenues withdrawn from the RPTTF by the County Auditor-Controller and remitted to the Trustee for the payment of the Bonds and any Parity Debt to the Redevelopment Obligation Retirement Fund established pursuant to Section 34170.5(a) of the California Health and Safety Code.

Section 6.16 Compliance Costs. The Agency, to the fullest extent permitted by law, shall pay the annual Compliance Costs, from amounts on deposit in the Expense Account, including fees and disbursements of the consultants and professionals engaged in connection with the Bonds, costs of the Agency and the Trustee payable from the RPTTF.

Section 6.17 Continuing Disclosure. The Agency hereby covenants and agrees that it will comply with and carry out all of the provisions of the Continuing Disclosure Agreement. Notwithstanding any other provision of the Indenture, failure of the Agency to comply with the Continuing Disclosure Agreement shall not be considered an Event of Default; provided, however, any Bondowner or Beneficial Owner or the Bond Insurer may take such actions as may be necessary and appropriate, including seeking mandate or specific performance by court order, to cause the Agency to comply with its obligations under this section and the Continuing Disclosure Agreement. For purposes of this section, "Beneficial Owner" shall mean any person

which has or shares the power, directly or indirectly, to make investment decisions concerning ownership of any Bonds (including persons holding Bonds through nominees, depositories or other intermediaries).

ARTICLE VII

THE TRUSTEE

Section 7.01 Appointment and Acceptance of Duties. The Trustee hereby accepts and agrees to the trusts hereby created to all of which the Agency agrees and the respective Owners of the Bonds, by their purchase and acceptance thereof, agree.

Section 7.02 Duties, Immunities and Liability of Trustee.

(a) The Trustee shall, prior to an Event of Default, and after the curing or waiver of all Events of Default which may have occurred, perform such duties and only such duties as are specifically set forth in the Indenture, and no implied duties or obligations shall be read into the Indenture against the Trustee. The Trustee shall, during the existence of any Event of Default (which has not been cured or waived), exercise the rights and powers vested in it by the Indenture, and use the same degree of care and skill in their exercise as a reasonable individual would exercise or use under the circumstances in the conduct of his own affairs.

(b) [Subject to Section 12.15,] the Agency may, in the absence of an Event of Default, and upon receipt of an instrument or concurrent instruments in writing signed by the Owners of not less than a majority in aggregate principal amount of the Bonds then Outstanding (or their attorneys duly authorized in writing) or upon receipt of a written request of the Bond Insurer stating good cause, or upon receipt of a written request of any Bond Insurer following an Event of Default (irrespective of cause), or if at any time the Trustee shall cease to be eligible in accordance with subsection (e) of this section, or shall become incapable of acting, or shall commence a case under any bankruptcy, insolvency or similar law, or a receiver of the Trustee or of its property shall be appointed, or any public officer shall take control or charge of the Trustee or its property or affairs for the purpose of rehabilitation, conservation or liquidation, shall, remove the Trustee by giving written notice of such removal to the Trustee, and thereupon the Agency shall promptly appoint a successor Trustee by an instrument in writing.

(c) The Trustee may, subject to (d) below, resign by giving written notice of such resignation to the Agency and the Bond Insurer and by giving notice of such resignation by mail, first class postage prepaid, to the Owners at the addresses listed in the Bond Register. Upon receiving such notice of resignation, the Agency shall promptly appoint a successor Trustee by an instrument in writing, and shall notify the Bond Insurer of such appointment.

(d) Any removal or resignation of the Trustee and appointment of a successor Trustee shall become effective only upon acceptance of appointment by the successor Trustee. If no successor Trustee shall have been appointed and shall have accepted

appointment within thirty (30) days of giving notice of removal or notice of resignation as aforesaid, the resigning Trustee or any Owner (on behalf of himself and all other Owners) may petition, at the expense of the Agency, any court of competent jurisdiction for the appointment of a successor Trustee, and such court may thereupon, after such notice (if any) as it may deem proper, appoint such successor Trustee. Any successor Trustee appointed under the Indenture shall signify its acceptance of such appointment by executing and delivering to the Agency and to its predecessor Trustee and the Bond Insurer a written acceptance thereof, and thereupon such successor Trustee, without any further act, deed or conveyance, shall become vested with all the moneys, estates, properties, rights, powers, trusts, duties and obligations of such predecessor Trustee, with like effect as if originally named Trustee herein; but, nevertheless, at the written request of the Agency or of the successor Trustee, such predecessor Trustee shall execute and deliver any and all instruments of conveyance or further assurance and do such other things as may reasonably be required for fully and certainly vesting in and confirming to such successor Trustee all the right, title and interest of such predecessor Trustee in and to any property held by it under the Indenture and shall pay over, transfer, assign and deliver to the successor Trustee any money or other property subject to the trusts and conditions set forth herein. Upon request of the successor Trustee, the Agency shall execute and deliver any and all instruments as may be reasonably required for fully and certainly vesting in and confirming to such successor Trustee all such moneys, estates, properties, rights, powers, trusts, duties and obligations. Upon acceptance of appointment by a successor Trustee as provided in this subsection, such successor Trustee shall mail a notice of the succession of such Trustee to the trusts hereunder by first class mail, postage prepaid, to the Owners at their addresses listed in the Bond Register.

(e) Any Trustee appointed under the provisions of this section shall be a trust company or bank having the powers of a trust company or authorized to exercise trust powers, having a corporate trust office in California, having (or in the case of a bank, trust company or bank holding company which is a member of a bank holding company system, the related bank holding company shall have) a combined capital and surplus of at least fifty million dollars ($50,000,000), and subject to supervision or examination by federal or state authority. If such bank, trust company or bank holding company publishes a report of condition at least annually, pursuant to law or to the requirements of any supervising or examining authority above referred to, then for the purpose of this subsection the combined capital and surplus of such bank, trust company or bank holding company shall be deemed to be its combined capital and surplus as set forth in its most recent report of condition so published. In case at any time the Trustee shall cease to be eligible in accordance with the provisions of this subsection, the Trustee shall resign immediately in the manner and with the effect specified in this section.

(f) No provision in the Indenture shall require the Trustee to risk or expend its own funds or otherwise incur any financial liability in the performance of any of its duties hereunder unless the Owners shall have offered to the Trustee security or indemnity it deems reasonable, against the costs, expenses and liabilities that may be incurred.

(g) In accepting the trust hereby created, the Trustee acts solely as Trustee for the Owners and not in its individual capacity, and under no circumstances shall the Trustee be liable in its individual capacity for the obligations evidenced by the Bonds.

(h) The Trustee makes no representation or warranty, express or implied, as to the compliance with legal requirements of the use contemplated by the Agency of the funds under the Indenture.

(i) The Trustee shall not be responsible for the recording or filing of any document relating to the Indenture or of financing statements (or continuation statements in connection therewith). The Trustee shall not be deemed to have made representations as to the security afforded thereby or as to the validity, sufficiency or priority of any such document, collateral or security of the Bonds.

(j) The Trustee shall not be deemed to have knowledge of any Event of Default hereunder unless and until a Responsible Officer shall have actual knowledge thereof at the Trustee's Corporate Trust Office. The Trustee shall not be bound to ascertain or inquire as to the performance or observance of any of the terms, conditions, covenants or agreements herein or of any documents executed in connection with the Bonds or as to the existence of an Event of Default hereunder.

(k) The Trustee shall not be accountable for the use or application by the Agency or any other party of any funds which the Trustee has released under the Indenture.

(l) The Trustee shall provide a monthly accounting of all Funds held pursuant to the Indenture to the Agency as described in Section 5.04 hereof,within fifteen (15) Business Days after the end of each month and shall provide statements of account for each annual period beginning July 1 and ending June 30, within 90 days after the end of such period. Such accounting shall show in reasonable detail all transactions made by the Trustee under the Indenture during the accounting period and the balance in any Funds and accounts created under the Indenture as of the beginning and close of such accounting period.

(m) All moneys received by the Trustee shall, until used or applied or invested as herein provided, be held in trust for the purposes for which they were received but need not be segregated from other funds except to the extent required by law.

(n) The permissive rights of the Trustee to do things enumerated in the Indenture shall not be construed as a duty unless so specified herein.

(o) The Trustee may appoint and act through an agent and shall not be responsible for any misconduct or negligence of any such agent appointed with due care. The Trustee may execute any of the trusts or powers hereof and perform the duties required of it hereunder by or through attorneys, agents, affiliates, or receivers, and shall be entitled to advice of counsel concerning all matters of trust and its duty hereunder, and the Trustee shall not be answerable for the acts or omissions of any such attorney, agent, or receiver selected by it with reasonable care.

(p) The Trustee agrees to accept and act upon instructions or directions pursuant to this Indenture sent by unsecured e-mail, facsimile transmission or other similar unsecured electronic methods, provided, however, that, the Trustee shall have received an incumbency certificate listing persons designated to give such instructions or directions and containing specimen signatures of such designated persons, which such incumbency certificate shall be amended and replaced whenever a person is to be added or deleted from the listing. If the Agency elects to give the Trustee e-mail or facsimile instructions (or instructions by a similar electronic method) and the Trustee in its discretion elects to act upon such instructions, the Trustee's understanding of such instructions shall be deemed controlling. The Trustee shall not be liable for any losses, costs or expenses arising directly or indirectly from the Trustee's reliance upon and compliance with such instructions notwithstanding such instructions conflict or are inconsistent with a subsequent written instruction. The Agency agrees to assume all risks arising out of the use of such electronic methods to submit instructions and directions to the Trustee, including without limitation the risk of the Trustee acting on unauthorized instructions, and the risk of interception and misuse by third parties.

(q) The Trustee shall not be liable to the parties hereto or deemed in breach or default hereunder if and to the extent its performance hereunder is prevented by reason of force majeure. The term "force majeure" means an occurrence that is beyond the control of the Trustee and could not have been avoided by exercising due care. Force majeure shall include but not be limited to acts of God, terrorism, war, riots, strikes, fire, floods, earthquakes, epidemics or other similar occurrences.

(r) To the fullest extent permitted by law and notwithstanding anything in this Indenture to the contrary, the Trustee shall not be personally liable for (i) special, consequential or punitive damages, however styled, including, without limitation, lost profits or (ii) the acts or omissions of any nominee, correspondent, clearing agency, or securities depository through which it holds securities or assets.

Section 7.03 Merger or Consolidation. Any company into which the Trustee may be merged or converted or with which it may be consolidated or any company resulting from any merger, conversion or consolidation to which it shall be a party or any company to which the Trustee may sell or transfer all or substantially all of its corporate trust business, provided such company shall be eligible under subsection (e) of Section 7.02, shall succeed to the rights and obligations of such Trustee without the execution or filing of any paper or any further act, anything herein to the contrary notwithstanding.

Section 7.04 Compensation. The Agency shall pay to the Trustee a reasonable compensation for its services rendered hereunder and reimburse the Trustee for reasonable expenses, disbursements and advances, including attorney's and agent's fees and expenses, incurred by the Trustee in the performance of its obligations hereunder.

The Agency agrees, to the extent permitted by law, to indemnify the Trustee and its officers, directors, employees, attorneys and agents for, and to hold it harmless against, any loss, liability or expense incurred without negligence or willful misconduct on its part arising out of or in connection with (i) the acceptance or administration of the trusts imposed by the Indenture,

including performance of its duties hereunder, including the costs and expenses of defending itself against any claims or liability in connection with the exercise or performance of any of its powers or duties hereunder (ii) the Bonds; (iii) the sale of any Bonds and the carrying out of any of the transactions contemplated by the Bonds; or (iv) any untrue statement of any material fact or omission to state a material fact necessary to make the statements made, in light of the circumstances under which they were made, not misleading in any official statement or other disclosure document utilized by the Agency or under its authority in connection with the sale of the Bonds. The Agency's obligations hereunder with respect to indemnity of the Trustee and the provision for its compensation set forth in this Article shall survive and remain valid and binding notwithstanding the maturity and payment of the Bonds, or the resignation, or removal of the Trustee.

The Trustee shall have no responsibility for or liability in connection with assuring that all of the procedures or conditions to closing set forth in the contract of purchase for sale of the Bonds are satisfied, or that all documents required to be delivered on the closing date to the parties are actually delivered, except its own responsibility to receive or deliver the proceeds of the sale, deliver the Bonds and other certificates expressly required to be delivered by it and its counsel.

Section 7.05 Liability of Trustee. The recitals of facts herein and in the Bonds contained shall be taken as statements of the Agency, and the Trustee does not assume any responsibility for the correctness of the same, and does not make any representations as to the validity or sufficiency of the Indenture or of the Bonds, and shall not incur any responsibility in respect thereof, other than in connection with the duties or obligations herein or in the Bonds assigned to or imposed upon it; provided, that the Trustee shall be responsible for its representations contained in its certificate of authentication on the Bonds. The Trustee shall not be liable in connection with the performance of its duties hereunder except for its own negligence or willful misconduct. The Trustee (in its individual or any other capacity) may become the Owner of Bonds with the same rights it would have if it were not Trustee hereunder, and, to the extent permitted by law, may act as depository for and permit any of its officers, directors and employees to act as a member of, or in any other capacity with respect to, any committee formed to protect the rights of Owners, whether or not such committee shall represent the Owners of a majority in principal amount (or any lesser amount that may direct the Trustee in accordance with, and as provided in, the provisions of the Indenture) of the Bonds then Outstanding. The Trustee shall not be liable with respect to any action taken or omitted to be taken by it in good faith in accordance with the direction of the Bond Insurer or the Owners of a majority in principal amount (or any lesser amount that may direct the Trustee in accordance with, and as provided in, the provisions of the Indenture) of the Outstanding Bonds relating to the time, method and place of conducting any proceeding for any remedy available to the Trustee, or exercising any trust or power conferred upon the Trustee, hereunder. Whether or not therein expressly so provided, every provision of the Indenture or related documents relating to the conduct or affecting the liability of or affording protection to the Trustee shall be subject to the provisions of this Article. All indemnifications and releases from liability granted herein to the Trustee shall extend to the directors, officers, employees and agents of the Trustee.

Section 7.06 Right to Rely on Documents. The Trustee may rely on and shall be protected in acting or refraining from acting upon any notice, resolution, request, consent, order,

certificate, report, opinion, bond or other paper or document reasonably believed by it to be genuine and to have been signed or presented by the proper party or parties. The Trustee may consult with counsel, who may be counsel of or to the Agency, with regard to legal questions, and the opinion of such counsel shall be full and complete authorization and protection for any action taken or suffered or omitted by it hereunder in good faith and in accordance therewith.

Whenever in the administration of the trusts imposed upon it by the Indenture the Trustee shall deem it necessary or desirable that a matter be proved or established prior to taking or suffering or omitting any action hereunder, such matter (unless other evidence in respect thereof be herein specifically prescribed) may be deemed to be conclusively proved and established by an Officer's Certificate, and such Certificate shall be full warrant to the Trustee for any action taken or suffered or omitted in good faith under the provisions of the Indenture in reliance upon such Certificate, but in its discretion the Trustee may, in lieu thereof, accept other evidence of such matter or may require such additional evidence as to it may seem reasonable.

The Trustee shall be entitled to advice of counsel and other professionals concerning all matters of trust and its duty hereunder, but the Trustee shall not be answerable for the professional malpractice of any attorney-at-law or certified public accountant in connection with the rendering of his professional advice in accordance with the terms of the Indenture, if such attorney-at-law or certified public accountant was selected by the Trustee with due care.

Section 7.07 Preservation and Inspection of Documents. During the term hereof, all documents received by the Trustee under the provisions of the Indenture shall be retained in its possession and shall be subject at all reasonable times upon prior notice to the inspection of the Agency, the Bond Insurer and the Owners of at least twenty-five percent (25%) of the aggregate principal amount of the Bonds, and their agents and representatives duly authorized in writing, at reasonable hours and under reasonable conditions.

Section 7.08 Indemnity for Trustee. Before taking any action or exercising any rights or powers under the Indenture, the Trustee may require that satisfactory indemnity be furnished to it for the reimbursement of all costs and expenses which it may incur and to indemnify it against all liability, except liability which may result from its negligence or willful misconduct, by reason of any action so taken.

ARTICLE VIII

EXECUTION OF INSTRUMENTS BY OWNERS AND PROOF OF OWNERSHIP OF THE BONDS

Section 8.01 Execution of Instruments; Proof of Ownership. Any request, direction, consent or other instrument in writing required or permitted by the Indenture to be signed or executed by Owners may be in any number of concurrent instruments of similar tenor by different parties and may be signed or executed by such Owners in person or by agent appointed by an instrument in writing. Proof of the execution of any such instrument and of the ownership of the Bonds shall be sufficient for any purpose of the Indenture and shall be conclusive in favor of the Trustee with regard to any action taken, suffered or omitted by either of them under such instrument if made in the following manner:

(a) The fact and date of the execution by any person of any such instrument may be proved by the certificate of any officer in any jurisdiction who, by the laws thereof, has power to take acknowledgments within such jurisdiction, to the effect that the person signing such instrument acknowledged before him the execution thereof, or by an affidavit of a witness to such execution.

(b) The fact of the ownership of the Bonds under the Indenture by any Owner and the serial numbers of such Bonds and the date of his ownership of the same shall be proved by the Bond Register.

Nothing contained in this Article shall be construed as limiting the Trustee to such proof, it being intended that the Trustee may accept any other evidence of the matters in this Article stated which to it may seem sufficient. Any request or consent of the Owner of any Bond shall bind every future Owner of the same Bond and any Bond or Bonds issued in exchange or substitution therefor or upon the registration of transfer thereof in respect of anything done by the Trustee in pursuance of such request or consent.

ARTICLE IX

AMENDMENT OF THE INDENTURE

Section 9.01 Amendment by Consent of Owners. The Indenture and the rights and obligations of the Agency and of the Owners may be amended at any time, upon the written consent of the Bond Insurer, by a Supplemental Indenture which shall become binding when the written consents of the Owners of sixty per cent (60%) in aggregate principal amount of Bonds Outstanding, exclusive of Bonds disqualified as provided in Section 9.02 are filed with the Trustee, provided that no such amendment shall (1) extend the maturity of or reduce the interest rate on, or otherwise alter or impair the obligation of the Agency to pay the interest or principal of, and premium, if any, at the time and place and at the rate and in the currency provided herein of any Bond, without the express written consent of the Owner of such Bond, or (2) permit the creation by the Agency of any mortgage, pledge or lien upon the Pledged Tax Revenues superior to or on a parity with the pledge and lien created in the Indenture for the benefit of the Bonds, without the express written consent of the Owner of such Bond, or (3) reduce the percentage of Bonds required for the written consent to any such amendment, without the express written consent of the Owner of such Bond, or (4) modify the rights or obligations of the Trustee without its prior written assent thereto.

Any amendment, supplement, modification to, or waiver of, the terms of any Related Document that requires the consent of Bondowners or adversely affects the rights and interests of the [2016 Bond Insurer] shall be subject to the prior written consent of the [2016 Bond Insurer].

The Indenture and the rights and obligations of the Agency and of the Owners may also be amended at any time, upon the written notice to the Bond Insurer, by a Supplemental Indenture which shall become binding upon adoption, without the consent of any Owners, but only to the extent permitted by law and only for any one or more of the following purposes:

(a) To add to the covenants and agreements of the Agency in the Indenture contained, other covenants and agreements thereafter to be observed, or to surrender any right or power herein reserved to or conferred upon the Agency;

(b) To make such provisions for the purpose of curing any ambiguity, or of curing, correcting or supplementing any defective provision contained in the Indenture, or in regard to questions arising under the Indenture, as the Agency may deem necessary or desirable and not inconsistent with the Indenture, and which shall not materially adversely affect the interests of the Owners of the Bonds or the Bond Insurer;

(c) To provide for the issuance of any Additional Bonds, and to provide the terms and conditions under which such Additional Bonds may be issued, subject to and in accordance with the provisions of Article IV;

(d) To modify, amend or supplement the Indenture in such manner as to permit the qualification hereof under the Trust Indenture Act of 1939, as amended, or any similar federal statute hereafter in effect, and to add such other terms, conditions and provisions as may be permitted by said act or similar federal statute, and which shall not materially adversely affect the interests of the Owners of the Bonds;

(e) To maintain the exclusion of interest on the Tax Exempt Bonds from gross income for federal income tax purposes;

(f) To modify, amend or supplement the Indenture in such manner as to conform to changes in the Dissolution Act so long as there is no material adverse effect to holders of the Bonds; or

(g) To obtain a bond insurance policy or a rating on the Bonds.

Section 9.02 Disqualified Bonds. Bonds owned or held by or for the account of the Agency or the Authority shall not be deemed Outstanding for the purpose of any consent or other action or any calculation of Outstanding Bonds in this Article provided for, and shall not be entitled to consent to, or take any other action in this Article provided for.

Section 9.03 Endorsement or Replacement of Bonds After Amendment. After the effective date of any action taken as hereinabove provided, the Agency may determine that the Bonds may bear a notation, by endorsement in form approved by the Agency, as to such action, and in that case upon demand of the Owner of any Bond Outstanding at such effective date and presentation of his Bond for the purpose at the office of the Trustee or at such additional offices as the Trustee may select and designate for that purpose, a suitable notation as to such action shall be made on such Bond. If the Agency shall so determine, new Bonds so modified as, in the opinion of the Agency, shall be necessary to conform to such action shall be prepared and executed, and in that case upon demand of the Owner of any Bond Outstanding at such effective date such new Bonds shall be exchanged at the office of the Trustee or at such additional offices as the Trustee may select and designate for that purpose, without cost to each Owner, for Bonds then Outstanding, upon surrender of such Outstanding Bonds.

Section 9.04 Amendment by Mutual Consent. The provisions of this Article shall not prevent any Owner from accepting any amendment as to the particular Bonds held by him, provided that due notation thereof is made on such Bonds.

Section 9.05 Opinion of Counsel. The Trustee may request and conclusively accept an opinion of counsel to the Agency that an amendment of the Indenture is in conformity with the provisions of this Article.

Section 9.06 Notice to Rating Agencies. The Agency shall provide each rating agency rating the Bonds with a notice of any amendment to the Indenture pursuant to this Article and a copy of any Supplemental Indenture at least 15 days in advance of its execution.

Section 9.07 Transcript of Proceedings to Bond Insurer. The Agency shall provide the Bond Insurer with a full transcript of the proceedings relating to the execution and delivery of any Supplemental Indenture.

ARTICLE X

EVENTS OF DEFAULT AND REMEDIES OF OWNERS

Section 10.01 Events of Default and Acceleration of Maturities. If one or more of the following events (herein called "Events of Default") shall happen, that is to say:

(a) If default shall be made in the due and punctual payment of the principal of, or premium, if any, on any Bond when and as the same shall become due and payable, whether at maturity as therein expressed, by declaration or otherwise;

(b) If default shall be made in the due and punctual payment of the interest on any Bond when and as the same shall become due and payable;

(c) If default shall be made by the Agency in the observance of any of the agreements, conditions or covenants on its part in the Indenture or in the Bonds contained, and such default shall have continued for a period of thirty (30) days after the Agency shall have been given notice in writing of such default by the Trustee; provided, however, that such default shall not constitute an Event of Default hereunder if the Agency shall commence to cure such default within said 30-day period and thereafter diligently and in good faith proceed to cure such default within a reasonable period of time not to exceed 60 days after such notice; and provided further that no grace period for such covenant default shall exceed 30 days or be extended for more than 60 days without the without the prior written consent of the Bond Insurer; or

(d) If the Agency shall file a petition or answer seeking reorganization or arrangement under the federal bankruptcy laws or any other applicable law of the United States of America, or if a court of competent jurisdiction shall approve a petition, filed with or without the consent of the Agency, seeking reorganization under the federal bankruptcy laws or any other applicable law of the United States of America, or if, under the provisions of any other law for the relief or aid of debtors, any court of competent

jurisdiction shall assume custody or control of the Agency or of the whole or any substantial part of its property;

then, and in each and every such case during the continuance of such Event of Default, with the written consent of the Bond Insurer, the Trustee may, and upon the written request of the Owners of not less than twenty-five per cent (25%) in aggregate principal amount of Bonds Outstanding, shall, by notice in writing to the Agency, declare the principal of all of the Bonds then Outstanding, and the interest accrued thereon, to be due and payable immediately, and upon any such declaration the same shall become and shall be immediately due and payable. For all purposes under this Article X, the [2016 Bond Insurer] is deemed to be an owner of one hundred percent (100%) of the Bonds insured by it unless such Bond Insurer is in default under the terms of its Bond Insurance Policy.

The maturity of Insured Series 2016 Bonds shall not be accelerated without the consent of the [2016 Bond Insurer] and in the event the maturity of the Insured Series 2016 Bonds is accelerated, the [2016 Bond Insurer] may elect, in its sole discretion, to pay accelerated principal and interest accrued, on such principal to the date of acceleration (to the extent unpaid by the Agency) and the Trustee shall be required to accept such amounts. Upon payment of such accelerated principal and interest accrued to the acceleration date as provided above, the [2016 Bond Insurer]'s obligations under the 2016 Bond Insurance Policy with respect to such Insured Series 2016 Bonds shall be fully discharged.

If, at any time after the principal of the Bonds shall have been so declared due and payable, and before any judgment or decree for the payment of the money due shall have been obtained or entered, the Agency shall deposit with the Trustee a sum sufficient to pay all principal on the Outstanding Bonds and any Parity Debt matured prior to such declaration and all matured installments of interest (if any) upon all the Bonds, with interest at the rate of ten per cent (10%) per annum on such overdue installments of principal and interest, and the reasonable expenses of the Trustee, and any and all other defaults known to the Trustee (other than in the payment of principal of and interest on the Outstanding Bonds and any Parity Debt due and payable solely by reason of such declaration) shall have been made good or cured to the satisfaction of the Trustee or provision deemed by the Trustee to be adequate shall have been made therefor, then, and in every such case, the Owners of at least twenty-five per cent (25%) in aggregate principal amount of Bonds Outstanding, by written notice to the Agency and to the Trustee, may, on behalf of the Owners of all of the Bonds, rescind and annul such declaration and its consequences. No such rescission and annulment shall extend to or shall affect any subsequent default, or shall impair or exhaust any right or power consequent thereon.

An Event of Default shall continue to exist under subsections (a) and (b) of this Section 10.01 after payment is made by the Bond Insurer when due, pursuant to the terms of its Bond Insurance Policy.

Section 10.02 Application of Funds Upon Acceleration. All money in the funds and accounts provided for in the Indenture upon the date of the declaration of acceleration by the Trustee as provided in Section 10.01, all Pledged Tax Revenues thereafter received by the Agency hereunder, shall be transmitted to the Trustee and shall be applied by the Trustee in the following order:

First, to the payment of the costs and expenses of the Trustee, if any, in carrying out the provisions of this Article, including reasonable compensation to its agents, attorneys and counsel and then to the payment of the costs and expenses of the Owners in providing for the declaration of such Event of Default, including reasonable compensation to their agents, attorneys and counsel;

Second, upon presentation of the several Bonds, and the stamping thereon of the amount of the payment if only partially paid, or upon the surrender thereof if fully paid, (A) to the payment of the whole amount then owing and unpaid upon the Outstanding Bonds and any Parity Debt for principal of, and interest on the Outstanding Bonds and any Parity Debt, with interest on the overdue interest and principal at the rate of ten per cent (10%) per annum, and (B) in case such money shall be insufficient to pay in full the whole amount so owing and unpaid upon the Outstanding Bonds and any Parity Debt, then to the payment of such interest, principal, and interest on overdue interest and principal without preference or priority among such interest, principal, and interest on overdue interest and principal, ratably to the aggregate of such interest, principal, and interest on overdue interest and principal.

Section 10.03 Trustee to Represent Bondowners. The Trustee is hereby irrevocably appointed (and the successive respective Owners of the Bonds, by taking and owning the same, shall be conclusively deemed to have so appointed the Trustee) as trustee and true and lawful attorney-in-fact of the Owners of the Bonds for the purpose of exercising and prosecuting on their behalf such rights and remedies as may be available to such Owners under the provisions of the Bonds, the Indenture, the Law and applicable provisions of any other law. Upon the occurrence and continuance of an Event of Default or other occasion giving rise to a right in the Trustee to represent the Owners of the Bonds, the Trustee in its discretion may with the consent of the Bond Insurer, and upon the written request of the Owners of not less than twenty-five per cent (25%) in aggregate principal amount of Bonds then Outstanding, and upon being indemnified to its satisfaction therefor, shall, proceed to protect or enforce its rights or the rights of such Owners by such appropriate action, suit, mandamus or other proceedings as it shall deem most effectual to protect and enforce any such right, at law or in equity, either for the specific performance of any covenant or agreement contained herein, or in aid of the execution of any power herein granted, or for the enforcement of any other appropriate legal or equitable right or remedy vested in the Trustee or in such Owners under the Indenture, the Law or any other law. All rights of action under the Indenture or the Bonds or otherwise may be prosecuted and enforced by the Trustee without the possession of any of the Bonds or the production thereof in any proceeding relating thereto, and any such suit, action or proceeding instituted by the Trustee shall be brought in the name of the Trustee for the benefit and protection of all the Owners of such Bonds, subject to the provisions of the Indenture.

Section 10.04 Bondowners' Direction of Proceedings. The Owners of a majority in aggregate principal amount of the Bonds then Outstanding shall have the right, by an instrument or concurrent instruments in writing executed and delivered to the Trustee, to direct the method of conducting all remedial proceedings taken by the Trustee hereunder; provided, that such direction shall not be otherwise than in accordance with law and the provisions of the Indenture, and that the Trustee shall have the right to decline to follow any such direction which in the opinion of the Trustee would be unjustly prejudicial to Bondowners not parties to such direction.

Section 10.05 Limitation on Bondowners' Right to Sue. No Owner of any Bond shall have the right to institute any suit, action or proceeding at law or in equity, for the protection or enforcement of any right or remedy under the Indenture, the Law or any other applicable law with respect to such Bond, unless (1) such Owner shall have given to the Trustee written notice of the occurrence of an Event of Default; (2) the Owners of not less than twenty-five per cent (25%) in aggregate principal amount of Bonds then Outstanding shall have made written request upon the Trustee to exercise the powers hereinbefore granted or to institute such suit, action or proceeding in its own name; (3) such Owner or said Owners shall have tendered to the Trustee reasonable indemnity against the costs, expenses and liabilities to be incurred in compliance with such request; and (4) the Trustee shall have refused or omitted to comply with such request for a period of sixty (60) days after such written request shall have been received by, and said tender of indemnity shall have been made to, the Trustee.

Such notification, request, tender of indemnity and refusal or omission are hereby declared, in every case, to be conditions precedent to the exercise by any Owner of Bonds of any remedy hereunder or under law; it being understood and intended that no one or more Owner of Bonds shall have any right in any manner whatever by his or their action to affect, disturb or prejudice the security of the Indenture or the rights of any other Owners of Bonds, or to enforce any right under the Indenture, the Law or other applicable law with respect to the Bonds, except in the manner herein provided, and that all proceedings at law or in equity to enforce any such right shall be instituted, had and maintained in the manner herein provided and for the benefit and protection of all Owners of the Outstanding Bonds, subject to the provisions of the Indenture.

Section 10.06 Non-Waiver. Nothing in this Article or in any other provision of the Indenture, or in the Bonds, shall affect or impair the obligation of the Agency, which is absolute and unconditional, to pay the principal of, and the interest on the Bonds to the respective Owners of the Bonds at the respective dates of maturity, as herein provided, out of the Pledged Tax Revenues pledged for such payment, or affect or impair the right of action, which is also absolute and unconditional, of such Owners to institute suit to enforce such payment by virtue of the contract embodied in the Bonds and in the Indenture.

A waiver of any default or breach of duty or contract by any Owner shall not affect any subsequent default or breach of duty or contract, or impair any rights or remedies on any such subsequent default or breach. No delay or omission by any Owner to exercise any right or power accruing upon any default shall impair any such right or power or shall be construed to be a waiver of any such default or an acquiescence therein, and every power and remedy conferred upon the Owners by the Law or by this Article may be enforced and exercised from time to time and as often as shall be deemed expedient by the Owners.

If any suit, action or proceeding to enforce any right or exercise any remedy is abandoned or determined adversely to the Owners, the Trustee, the Agency and the Owners shall be restored to their former positions, rights and remedies as if such suit, action or proceeding had not been brought or taken.

Section 10.07 Remedies Not Exclusive. No remedy herein conferred upon or reserved to the Trustee or the Owners is intended to be exclusive of any other remedy. Every such

remedy shall be cumulative and shall be in addition to every other remedy given hereunder or now or hereafter existing, at law or in equity or by statute or otherwise, and may be exercised without exhausting and without regard to any other remedy conferred by the Law or any other law.

ARTICLE XI

DEFEASANCE

Section 11.01 Discharge of Indebtedness. (a) If (i) the Agency shall pay or cause to be paid or there shall otherwise be paid to the Owners of all Outstanding Bonds the principal thereof and the interest and premium, if any, thereon at the times and in the manner stipulated herein and therein, and (ii) all other amounts due and payable hereunder shall have been paid, then the Owners shall cease to be entitled to the lien created hereby, and all agreements, covenants and other obligations of the Agency hereunder shall thereupon cease, terminate and become void and be discharged and satisfied. In such event, the Trustee shall execute and deliver to the Agency all such instruments as may be necessary or desirable to evidence such discharge and satisfaction, and the Trustee shall pay over or deliver to the Agency all money or securities held by it pursuant hereto which are not required for the payment of the principal of and interest and premium, if any, on the Bonds.

(b) Subject to the provisions of subsection (a) of this section, when any Bond shall have been paid and if, at the time of such payment, the Agency shall have kept, performed and observed all of the covenants and promises in such Bonds and in the Indenture required or contemplated to be kept, performed and observed by it or on its part on or prior to that time, then the Indenture shall be considered to have been discharged in respect of such Bond and such Bond shall cease to be entitled to the lien created hereby, and all agreements, covenants and other obligations of the Agency hereunder shall cease, terminate, become void and be completely discharged and satisfied as to such Bond.

(c) Notwithstanding the discharge and satisfaction of the Indenture or the discharge and satisfaction of the Indenture in respect of any Bond, those provisions of the Indenture relating to the maturity of the Bonds, interest payments and dates thereof, exchange and transfer of Bonds, replacement of mutilated, destroyed, lost or stolen Bonds, the safekeeping and cancellation of Bonds, non-presentment of Bonds, and the duties of the Trustee in connection with all of the foregoing, shall remain in effect and shall be binding upon the Trustee and the Owners and the Trustee shall continue to be obligated to hold in trust any moneys or investments then held by the Trustee for the payment of the principal of and interest and premium, if any, on the Bonds, to pay to the Owners of the Bonds the funds so held by the Trustee as and when such payment becomes due.

Section 11.02 Bonds Deemed to Have Been Paid. (a) If moneys shall have been set aside and held by the Trustee for the payment or redemption of any Bond and the payment of the interest thereon to the maturity or redemption date thereof, such Bond shall be deemed to have been paid within the meaning and with the effect provided in Section 11.01 hereof. Any Outstanding Bond shall prior to the maturity date or redemption date thereof be deemed to have been paid within the meaning of and with the effect expressed in Section 11.01 hereof if:

(i) there shall have been deposited with the Trustee either (A) money in an amount which shall be sufficient, or (B) Federal Securities, the principal of and the interest on which when due, and without any reinvestment thereof, will provide moneys which shall be sufficient to pay when due the interest to become due on such Bond on and prior to the maturity date or redemption date thereof, as the case may be, and the principal of and premium, if any, on such Bond, and

(ii) in the event such Bond is not by its terms subject to redemption within the next succeeding 60 days, the Agency shall have given the Trustee in form satisfactory to it irrevocable instructions to mail as soon as practicable, a notice to the owners of such Bond that the deposit required by clause (i) above has been made with the Trustee and that such Bond is deemed to have been paid in accordance with this section and stating the maturity date or redemption date upon which money is to be available for the payment of the principal of and premium, if any, on such Bond.

Neither the money nor the Federal Securities deposited with the Trustee pursuant to this subsection in connection with the deemed payment of Bonds, nor principal or interest payments on any such Federal Securities, shall be withdrawn or used for any purpose other than, and shall be held in trust for and pledged to, the payment of the principal of and, premium, if any, and interest on such Bonds.

(b) No Bond shall be deemed to have been paid pursuant to clause (i) of subsection (a) of this section unless the Agency shall cause to be delivered (A) an executed copy of a Verification Report with respect to such deemed payment, (B) a copy of the escrow agreement entered into in connection with the deposit pursuant to clause (i) of subsection (a) of this section resulting in such deemed payment, which escrow agreement shall be acceptable to the Bond Insurer and provide that no substitution of Federal Securities shall be permitted except with other Federal Securities and upon delivery of a new Verification Report and no reinvestment of Federal Securities shall be permitted except as contemplated by the original Verification Report or upon delivery of a new Verification Report, and (C) a copy of an opinion of counsel of recognized standing in the field of law relating to municipal bonds, dated the date of such deemed payment and addressed to the Agency, the Trustee and the Bond Insurer, insuring the Bonds to be defeased, to the effect that such Bond has been paid within the meaning and with the effect expressed in the Indenture, and all agreements, covenants and other obligations of the Agency hereunder as to such Bond have ceased, terminated, become void and been completely discharged and satisfied.

The [2016 Bond Insurer] shall be provided with drafts of the above-referenced documentation not less than five (5) business days prior to the funding of the escrow.

Insured Series 2016 Bonds shall be deemed to be "Outstanding" under the Indenture unless and until they are in fact paid and retired or the above criteria are met.

(c) The Trustee is entitled to rely upon (i) an opinion of counsel of recognized standing in the field of law relating to municipal bonds to the effect that the conditions precedent to a deemed payment pursuant to clause (ii) of subsection (a) of this section have been satisfied,

and (ii) such other opinions, certifications and computations, of accountants or other financial consultants concerning the matters described in paragraph (a)(i) of this section.

ARTICLE XII

MISCELLANEOUS

Section 12.01 Liability of Agency Limited to Pledged Tax Revenues. The Agency shall not be required to advance any money derived from any source of income other than the Pledged Tax Revenues for the payment of the principal of, and the interest on the Bonds or for the performance of any covenants herein contained, other than the covenants contained in Section 6.11 hereof. The Agency may, however, advance funds for any such purpose, provided that such funds are derived from a source legally available for such purpose.

The Bonds are special obligations of the Agency and are payable, as to interest thereon and principal thereof, exclusively from the Pledged Tax Revenues, and the Agency is not obligated to pay them except from the Pledged Tax Revenues. All of the Bonds are equally secured by a pledge of, and charge and lien upon, all of the Pledged Tax Revenues, and the Pledged Tax Revenues constitute a trust fund for the security and payment of the principal of, and the interest on the Bonds, to the extent set forth in the Indenture. The Bonds are not a debt of the Authority, the City of Placer, the City of Lincoln, the State of California or any of its political subdivisions, and neither any of said agencies, said State nor any of its political subdivisions is liable therefor, nor in any event shall the Bonds be payable out of any funds or properties other than those of the Agency pledged therefor as provided in the Indenture. The Bonds do not constitute an indebtedness within the meaning of any constitutional or statutory limitation or restriction, and neither the City Council as governing board of the Agency, any of the members, officers or employees of the Authority or the Agency, nor any persons executing the Bonds are liable personally on the Bonds by reason of their issuance.

Section 12.02 Parties Interested Herein. Nothing in the Indenture, expressed or implied, is intended to give to any person other than the Agency, the Trustee, the Bond Insurer and the Owners any right, remedy or claim under or by reason of the Indenture. Any covenants, stipulations, promises or agreements in the Indenture contained by and on behalf of the Agency or any City Council member or officer or employee of the Agency shall be for the sole and exclusive benefit of the Trustee, the Bond Insurer and the Owners.

Section 12.03 Unclaimed Moneys. Anything contained herein to the contrary notwithstanding, any money held by the Trustee in trust for the payment and discharge of the interest on, or principal or prepayment premium, if any, of any Bond which remains unclaimed for two (2) years after the date when such amounts have become payable, if such money was held by the Trustee on such date, or for two (2) years after the date of deposit of such money if deposited with the Trustee after the date such amounts have become payable shall be paid by the Trustee to the Agency as its absolute property free from trust, and the Trustee shall thereupon be released and discharged with respect thereto and the Owners shall look only to the Agency for the payment of such amounts; provided, that before being required to make any such payment to the Agency, the Trustee shall, at the expense of the Agency, give notice by first class mail to all Owners and to the Securities Depository and the MSRB that such money remains unclaimed and

that after a date named in such notice, which date shall not be less than sixty (60) days after the date of giving such notice, the balance of such money then unclaimed will be returned to the Agency.

Section 12.04 Moneys Held for Particular Bonds. The money held by the Trustee for the payment of the principal of or premium or interest on particular Bonds due on any date (or portions of Bonds in the case of Bonds redeemed in part only) shall, on and after such date and pending such payment, be set aside on its books and held in trust by it for the Owners of the Bonds entitled thereto, subject, however, to the provisions of Section 12.03 hereof, but without any liability for interest thereon.

Section 12.05 Successor Is Deemed Included in All References to Predecessor. Whenever in the Indenture either the Agency or any member of the City Council as governing board of the Agency, any of the members, officers or employees of the Authority or the Agency, is named or referred to, such reference shall be deemed to include the successor to the powers, duties and functions, with respect to the management, administration and control of the affairs of the Agency, that are presently vested in the Agency or the City Council as governing board of the Agency, and any of the members, officers or employees of the Authority or the Agency, and all the agreements, covenants and provisions contained in the Indenture by or on behalf of the Agency or the City Council as governing board of the Agency, any of the members, officers or employees of the Authority or the Agency, shall bind and inure to the benefit of the respective successors thereof whether so expressed or not.

Section 12.06 Execution of Documents by Owners. Any request, declaration or other instrument which the Indenture may require or permit to be executed by Owners may be in one or more instruments of similar tenor, and shall be executed by Owners in person or by their attorneys appointed in writing.

Except as otherwise herein expressly provided, the fact and date of the execution by any Owner or his attorney of such request, declaration or other instrument, or of such writing appointing such attorney, may be proved by the certificate of any notary public or other officer authorized to take acknowledgments of deeds to be recorded in the state or territory in which he purports to act, that the person signing such request, declaration or other instrument or writing acknowledged to him the execution thereof, or by an affidavit of a witness of such execution, duly sworn to before such notary public or other officer.

The Trustee may nevertheless in its discretion require further or other proof in cases where it deems the same desirable. The ownership of registered Bonds and the amount, maturity, number and date of holding the same shall be proved by the registry books provided for in Section 2.12.

Any request, declaration or other instrument or writing of the Owner of any Bond shall bind all future Owners of such Bond with respect to anything done by the Agency in good faith and in accordance therewith.

Section 12.07 Waiver of Personal Liability. No member of the City Council, as governing board of the Agency, nor any member, officer or employee of the Authority or the

Agency shall be individually or personally liable for the payment of the principal of, premium, if any, and the interest on the Bonds; but nothing herein contained shall relieve any member of the City Council, as governing board of the Agency, nor any member, officer or employee of the Authority or the Agency from the performance of any official duty provided by law.

Section 12.08 Acquisition of Bonds by Agency. All Bonds acquired by the Agency, whether by purchase or gift or otherwise, shall be surrendered to the Trustee for cancellation.

Section 12.09 Destruction of Cancelled Bonds. Whenever in the Indenture provision is made for return to the Agency of any Bonds which have been cancelled pursuant to the provisions of the Indenture, the Agency shall deliver such Bonds to the Trustee which shall destroy such Bonds and furnish to the Agency a certificate of such destruction.

Section 12.10 Content of Certificates and Reports. Every certificate or report with respect to compliance with a condition or covenant provided for in the Indenture shall include (a) a statement that the person or persons making or giving such certificate or report have read such covenant or condition and the definitions herein relating thereto; (b) a brief statement as to the nature and scope of the examination or investigation upon which the statements or opinions contained in such certificate or report are based; (c) a statement that, in the opinion of the signers, they have made or caused to be made such examination or investigation as is necessary to enable them to express an informed opinion as to whether or not such covenant or condition has been complied with; and (d) a statement as to whether, in the opinion of the signers, such condition or covenant has been complied with.

Any such certificate made or given by an officer of the Agency may be based, insofar as it relates to legal matters, upon a certificate or opinion of or representations by counsel, unless such officer knows that the certificate or opinion or representations with respect to the matters upon which his certificate may be based, as aforesaid, are erroneous, or in the exercise of reasonable care should have known that the same were erroneous. Any such certificate or opinion or representation made or given by counsel may be based, insofar as it relates to factual matters information with respect to which is in the possession of the Agency, upon the certificate or opinion of or representations by an officer or officers of the Agency, unless such counsel knows that the certificate or opinion or representations with respect to the matters upon which his certificate, opinion or representation may be based, as aforesaid, are erroneous, or in exercise of reasonable care should have known that the same were erroneous.

Section 12.11 Funds and Accounts. Any fund or account required by the Indenture to be established and maintained by the Agency or the Trustee may be established and maintained in the accounting records of the Agency or the Trustee either as a fund or an account, and may, for the purposes of such records, any audits thereof and any reports or statements with respect thereto, be treated either as a fund or as an account; but all such records with respect to all such funds and accounts shall at all times be maintained in accordance with sound accounting practices and with due regard for the protection of the security of the Bonds and the rights of the Owners.

Section 12.12 Article and Section Headings and References. The headings or titles of the several Articles and sections hereof, and the table of contents appended hereto, shall be

solely for convenience of reference and shall not affect the meaning, construction or effect of the Indenture.

All references herein to "Articles," "Sections" and other subdivisions are to the corresponding articles, sections or subdivisions of the Indenture; and the words "herein," "hereof," "hereunder" and other words of similar import refer to the Indenture as a whole and not to any particular article, section or subdivision hereof.

Section 12.13 Partial Invalidity. If any one or more of the agreements or covenants or portions thereof provided in the Indenture to be performed on the part of the Agency (or of the Trustee) should be contrary to law, then such agreement or agreements, such covenant or covenants, or such portions thereof, shall be null and void and shall be deemed separable from the remaining agreements and covenants or portions thereof and shall in no way affect the validity of the Indenture or of the Bonds; but the Owners shall retain all the rights and benefits accorded to them under the Law or any other applicable provisions of law. The Agency hereby declares that it would have entered into the Indenture and each and every other section, paragraph, subdivision, sentence, clause and phrase hereof and would have authorized the issuance of the Bonds pursuant hereto irrespective of the fact that any one or more sections, paragraphs, subdivisions, sentences, clauses or phrases of the Indenture or the application thereof to any person or circumstance may be held to be unconstitutional, unenforceable or invalid.

Section 12.14 Notices. All notices required to be given hereunder to the Agency, the Trustee and the [2016 Bond Insurer], shall be sent to the following addresses:

Agency:	Successor Agency to the Dissolved Redevelopment Agency of the City of Lincoln 600 6th Street Lincoln, California 95648 Attention: City Manager Fax: (916) 645-8903
Trustee:	U.S. Bank National Association [Trustee Contact]
[2016 Bond Insurer]:	Re: Policy Nos. Telephone: Telecopier:

Section 12.15 [DELETE IF NO INSURANCE POLICY, TERMS TO COME FROM INSURER] 2016 Bond Insurance Policy Payment and Reimbursement Provisions. The following provisions shall govern in the event of a conflict with any contrary provision of the Indenture.

Section 12.16 [DELETE IF NO INSURANCE POLICY, TERMS TO COME FROM INSURER] Bond Insurer Notice Provisions. The Bond Insurer shall be provided with the following information by the Agency or Trustee, as the case may be:

Section 12.17 [**Bond Insurer as Third Party Beneficiary**. The Bond Insurer is hereby expressly made a third party beneficiary of the Indenture and each other Related Documents.]

Section 12.18 California Law. The Indenture of Trust shall be construed and governed in accordance with the laws of the State of California.

[Remainder of page intentionally left blank.]

IN WITNESS WHEREOF, the Agency and the Trustee have entered into this Indenture of Trust by their officers thereunto duly authorized as of the day and year first above written.

SUCCESSOR AGENCY TO THE DISSOLVED REDEVELOPMENT AGENCY OF THE CITY OF LINCOLN

By: _____
[Mayor][City Manager][Director of Support Services] of the City of Lincoln, acting for the Successor Agency to the Dissolved Redevelopment Agency of the City of Lincoln

ATTEST:

By: _____
City Clerk of the City of Lincoln, acting for Successor Agency to the Dissolved Redevelopment Agency of the City of Lincoln

U.S. Bank National Association, as Trustee

By: _____
Authorized Officer

APPENDIX A

FORM OF BOND

No. _____ $_____

SUCCESSOR AGENCY TO THE DISSOLVED REDEVELOPMENT AGENCY OF THE CITY OF LINCOLN
TAX ALLOCATION REFUNDING BOND
[SERIES 2016A (TAX EXEMPT)][2016B (FEDERALLY TAXABLE)]

BOND DATE:	MATURITY DATE:	RATE OF INTEREST:	CUSIP NUMBER:
_____ __, 2016	August 1, 20__		

Registered Owner: CEDE & CO.

Principal Amount:

THE SUCCESSOR AGENCY TO THE DISSOLVED REDEVELOPMENT AGENCY OF THE CITY OF LINCOLN, a public body, corporate and politic, duly organized and existing under and pursuant to the laws of the State of California (the "Agency"), for value received hereby promises to pay to the registered owner specified above, or registered assigns, on the maturity date set forth above (subject to any right of prior redemption hereinafter mentioned) the principal sum set forth above in lawful money of the United States of America; and to pay interest thereon at the interest rate per annum set forth above in like lawful money from the date hereof. The interest on this Bond will be payable on February 1 and August 1 in each year (each an "Interest Payment Date"), commencing on [February 1, 2017]. The principal hereof and redemption premium hereon, if any, are payable upon presentation and surrender hereof at the Corporate Trust Office (as defined in the Indenture) of U.S. Bank National Association (together with any successor as trustee under the Indenture hereinafter mentioned, the "Trustee"). Interest hereon is payable by check, mailed by first class mail, on each interest payment date to the owner whose name appears on the Bond Register maintained by the Trustee as of the close of business on the fifteenth day of the month preceding the month in which the interest payment date occurs (the "Record Date"), except with respect to defaulted interest for which a special record date will be established; provided, that in the case of an owner of one million dollars ($1,000,000) or more in aggregate principal amount of Bonds, upon written request of such owner to the Trustee received not later than the Record Date, such interest shall be paid on the interest payment date in immediately available funds by wire transfer. Interest shall be calculated on the basis of a 360-day year consisting of twelve 30-day months.

This Bond is a duly authorized issue of Successor Agency to the Dissolved Redevelopment Agency of the City of Lincoln Tax Allocation Refunding Bonds, Series [2016A (Tax Exempt)][2016B (Federally Taxable)] (the "Bonds"), limited in aggregate principal amount to $[_____][_____] all of like tenor and date (except for such variations, if any, as may be required to designate varying numbers, maturities, interest rates or redemption provisions), all issued under the provisions of the Community Redevelopment Law of the State

of California, as amended including, without limitation, by Parts 1.8 (commencing with Section 34161) and 1.85 (commencing with Section 34170) (the "Law"), and pursuant to the provisions of the Indenture of Trust, dated as of _____ 1, 2016, by and between the Agency and U.S. Bank National Association, as trustee (the "Indenture").

Simultaneously with the issuance of the Bonds, the Agency is issuing its Successor Agency to the Dissolved Redevelopment Agency of the City of Lincoln Tax Allocation Refunding Bonds, Series [2016A (Tax Exempt)][2016B (Federally Taxable)] (the "Series [2016A][2016B] Bonds"), in the aggregate principal amount of $[_____] [_____]. The Bonds are on a parity with the Series [2016A] [2016B] Bonds. Pursuant to and as more particularly provided in the Indenture, Additional Bonds may be issued by the Agency payable from Pledged Tax Revenues as provided in the Indenture.

All Bonds are equally and ratably secured in accordance with the terms and conditions of the Indenture, and reference is hereby made to the Indenture, to any resolutions supplemental thereto and to the Law for a description of the terms on which the Bonds are issued, for the provisions with regard to the nature and extent of the security provided for the Bonds and of the nature, extent and manner of enforcement of such security, and for a statement of the rights of the registered owners of the Bonds; and all the terms of the Indenture and the Law are hereby incorporated herein and constitute a contract between the Agency and the registered owner from time to time of this Bond, and to all the provisions thereof the registered owner of this Bond, by his acceptance hereof, consents and agrees. Each registered owner hereof shall have recourse to all the provisions of the Law and the Indenture and shall be bound by all the terms and conditions thereof.

The Bonds are issued to provide funds to aid in refunding outstanding bonds of the Agency as more particularly described in the Indenture. The Bonds are special obligations of the Agency and are payable, as to interest thereon, principal thereof and any premiums upon the redemption thereof, exclusively from the Pledged Tax Revenues (as that term is defined in the Indenture and herein called the "Pledged Tax Revenues"), and the Agency is not obligated to pay them except from the Pledged Tax Revenues. The Bonds are equally secured by a pledge of, and charge and lien upon, the Pledged Tax Revenues, and the Pledged Tax Revenues constitute a trust fund for the security and payment of the principal of, premium, if any, and the interest on the Bonds.

The Agency hereby covenants and warrants that, for the payment of the principal of, premium, if any, and the interest on this Bond and all other Bonds issued under the Indenture when due, there has been created and will be maintained by the Trustee a special fund into which Pledged Tax Revenues shall be deposited, as provided in the Indenture, and as an irrevocable charge the Agency has allocated the Pledged Tax Revenues solely to the payment of the principal of, premium, if any, and the interest on the Bonds to the extent set forth in the Indenture, and the Agency will pay promptly when due the principal of, premium, if any, and the interest on this Bond and all other Bonds of this issue out of said special fund, all in accordance with the terms and provisions set forth in the Indenture.

The Bond shall be subject to redemption on the dates, in the amounts and in the manner provided therefor in the Indenture. [The Series 2016B Bonds are not subject to optional redemption.]

If an Event of Default, as defined in the Indenture, shall occur, the principal of all Bonds may be declared due and payable upon the conditions, in the manner and with the effect provided in the Indenture; except that the Indenture provides that in certain events such declaration and its consequences may be rescinded by the registered owners of at least twenty-five per cent (25%) in aggregate principal amount of the Bonds then Outstanding.

The Bonds are issuable only in the form of fully registered Bonds in the denomination of $5,000 or any integral multiple thereof (not exceeding the principal amount of Bonds maturing at any one time). The owner of any Bond or Bonds may surrender the same at the above-mentioned office of the Trustee in exchange for an equal aggregate principal amount of fully registered Bonds of any other authorized denominations, in the manner, subject to the conditions and upon the payment of the charges provided in the Indenture.

This Bond is transferable, as provided in the Indenture, only upon a register to be kept for that purpose at the above-mentioned office of the Trustee by the registered owner hereof in person, or by his duly authorized attorney, upon surrender of this Bond together with a written instrument of transfer satisfactory to the Trustee duly executed by the registered owner or his duly authorized attorney, and thereupon a new fully registered Bond or Bonds, in the same aggregate principal amount, shall be issued to the transferee in exchange therefor as provided in the Indenture, and upon payment of the charges therein prescribed. The Agency and the Trustee may deem and treat the person in whose name this Bond is registered as the absolute owner hereof for the purpose of receiving payment of, or on account of, the interest hereon and principal hereof and redemption premium, if any, hereon and for all other purposes, and the Agency and the Trustee shall not be affected by any notice to the contrary.

The rights and obligations of the Agency and of the registered owners of the Bonds may be amended at any time in the manner, to the extent and upon the terms provided in the Indenture, but no such amendment shall (1) extend the maturity of this Bond, or reduce the interest rate hereon, or otherwise alter or impair the obligation of the Agency to pay the interest hereon or principal hereof or any premium payable on the redemption hereof at the time and place and at the rate and in the currency provided herein, without the express written consent of the registered owner of this Bond, or (2) permit the creation by the Agency of any mortgage, pledge or lien upon the Pledged Tax Revenues superior to or on a parity with the pledge and lien created in the Indenture for the benefit of the Bonds and all additional tax allocation bonds authorized by the Indenture or (3) reduce the percentage of Bonds required for the written consent to an amendment of the Indenture, or (4) modify any rights or obligations of the Trustee without its prior written assent thereto; all as more fully set forth in the Indenture.

This Bond is not a debt of the Authority, the City of Lincoln, the County of Placer, the State of California or any of its political subdivisions, and neither any of said agencies, said State nor any of its political subdivisions is liable therefor, nor in any event shall this Bond be payable out of any funds or properties other than those of the Agency pledged therefor as provided in the Indenture. This Bond does not constitute an indebtedness within the meaning of any

constitutional or statutory limitation or restriction, and neither the City Council as governing board of the Agency, any of the members, officers or employees of the Authority or the Agency, nor any persons executing the Bonds are liable personally on this Bond by reason of its issuance.

This Bond shall not be entitled to any benefits under the Indenture or become valid or obligatory for any purpose until the certificate of authentication and registration hereon endorsed shall have been signed by the Trustee.

It is hereby certified that all of the acts, conditions and things required to exist, to have happened or to have been performed precedent to and in the issuance of this Bond do exist, have happened and have been performed in due time, form and manner as required by law and that the amount of this Bond, together with all other indebtedness of the Agency, does not exceed any limit prescribed by the Constitution or laws of the State of California, and is not in excess of the amount of Bonds permitted to be issued under the Indenture.

Unless this Bond is presented by an authorized representative of The Depository Trust Company to the Trustee for registration of transfer, exchange or payment, and any Bond issued is registered in the name of Cede & Co. or such other name as requested by an authorized representative of The Depository Trust Company and any payment is made to Cede & Co., ANY TRANSFER, PLEDGE OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL since the registered owner hereof, Cede & Co., has an interest herein.

Capitalized undefined terms used herein shall have the meanings ascribed thereto in the Indenture.

[Remainder of page intentionally left blank]

IN WITNESS WHEREOF, the Successor Agency to the Dissolved Redevelopment Agency of the City of Lincoln has caused this Bond to be executed in its name and on its behalf by its [Chairperson or Vice Chairperson], acting for and on behalf of the Successor Agency to the Dissolved Redevelopment Agency of the City of Lincoln and attested by its City Clerk, acting for Successor Agency to the Dissolved Redevelopment Agency of the City of Lincoln, and has caused this Bond to be dated as of the date above written.

SUCCESSOR AGENCY TO THE DISSOLVED REDEVELOPMENT AGENCY OF THE CITY OF LINCOLN

By _____
Chairperson

ATTEST:

_____
City Clerk of the City of Lincoln, acting for Successor Agency to the Dissolved Redevelopment Agency of the City of Lincoln

STATEMENT OF INSURANCE

[_____, has delivered its municipal bond insurance policy (the "Policy") with respect to the scheduled payments due of principal of and interest on the [Series 2016A Bonds maturing on August 1 in the years ____ through ____, inclusive] [Series 2016B Bonds maturing on August 1 in the years ____ through ____, inclusive] (the "Insured Bonds"), to U.S. Bank National Association, _____, California, or its successor, as paying agent for the Insured Bonds (the "Paying Agent"). Said Policy is on file and available for inspection at the principal office of the Paying Agent and a copy thereof may be obtained from [Bond Insurer] or the Paying Agent. All payments required to be made under the Policy shall be made in accordance with the provisions thereof. The owner of this Bond acknowledges and consents to the subrogation rights of [Bond Insurer] as more fully set forth in the Policy.]

[FORM OF TRUSTEE CERTIFICATE OF AUTHENTICATION AND REGISTRATION TO APPEAR ON BONDS]

This is one of the Bonds described in the within- mentioned Indenture which has been authenticated and registered on the date set forth below.

DATED: _____

U.S. Bank National Association, as trustee

By: _____
Authorized Officer

[FORM OF ASSIGNMENT TO APPEAR ON BONDS]

For value received the undersigned do(es) hereby sell, assign and transfer unto _____ the within-mentioned registered Bond and do(es) hereby irrevocably constitute and appoint _____ attorney to transfer the same on the bond register of the Trustee, with full power of substitution in the premises.

Date: _____ _____

Note: The signature(s) to this Assignment must correspond with the name(s) as written on the face of the within registered Bond in every particular, without alteration or enlargement or any change whatsoever.

Signature Guaranteed: _____

Notice: Signature must be guaranteed by an eligible guarantor institution.

APPENDIX B

SCHEDULE OF SEMI-ANNUAL AND ANNUAL INTEREST AND PRINCIPAL PAYMENTS OF THE SERIES 2016 BONDS

SERIES 2016A BONDS

Annual Interest and Principal Payments:

Period Ending	Principal	Interest	Annual Debt Service
8/1/2017			
8/1/2018			
8/1/2019			
8/1/2020			
8/1/2021			
8/1/2022			
8/1/2023			
8/1/2024			
8/1/2025			
8/1/2026			
8/1/2027			
8/1/2028			
8/1/2029			
8/1/2030			
8/1/2031			
8/1/2032			
8/1/2033			

Semi-Annual Interest and Principal Payments:

Period Ending	Principal	Interest	Debt Service	Annual Debt Service
2/1/2017				
8/1/2017				
2/1/2018				
8/1/2018				
2/1/2019				
8/1/2019				
2/1/2020				
8/1/2020				
2/1/2021				
8/1/2021				

2/1/2022
8/1/2022
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2/1/2028
8/1/2028
2/1/2029
8/1/2029
2/1/2030
8/1/2030
2/1/2031
8/1/2031
2/1/2032
8/1/2032
2/1/2033
8/1/2033

SERIES 2016B BONDS

Annual Interest and Principal Payments:

Period Ending	Principal	Interest	Annual Debt Service
8/1/2016			
8/1/2017			
8/1/2018			
8/1/2019			
8/1/2020			
8/1/2021			
8/1/2022			
8/1/2023			
8/1/2024			
8/1/2025			
8/1/2026			
8/1/2027			

8/1/2028
8/1/2029
8/1/2030
8/1/2031
8/1/2032
8/1/2033

Semi-Annual Interest and Principal Payments:

Period Ending	Principal	Interest	Debt Service	Annual Debt Service
2/1/2017				
8/1/2017				
2/1/2018				
8/1/2018				
2/1/2019				
8/1/2019				
2/1/2020				
8/1/2020				
2/1/2021				
8/1/2021				
2/1/2022				
8/1/2022				
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8/1/2029				
2/1/2030				
8/1/2030				
2/1/2031				
8/1/2031				
2/1/2032				

8/1/2032
2/1/2033
8/1/2033

ATTACHMENT No. 3 – Bond Purchase Agreement

$_____
SUCCESSOR AGENCY TO THE DISSOLVED REDEVELOPMENT AGENCY OF THE CITY OF LINCOLN TAX ALLOCATION REFUNDING BONDS, SERIES 2016A (TAX-EXEMPT)

$_____
SUCCESSOR AGENCY TO THE DISSOLVED REDEVELOPMENT AGENCY OF THE CITY OF LINCOLN TAX ALLOCATION REFUNDING BONDS, SERIES 2016B (FEDERALLY TAXABLE)

BOND PURCHASE AGREEMENT

_____, 2016

Successor Agency to the Dissolved
Redevelopment Agency of the City of Lincoln
600 6th Street
Lincoln, California 95648

Ladies and Gentlemen:

Piper Jaffray & Co. (the "Underwriter") offers to enter into this Bond Purchase Agreement (the "Bond Purchase Agreement") with the Successor Agency to the Dissolved Redevelopment Agency of the City of Lincoln (the "Successor Agency"), which will be binding upon the Successor Agency and the Underwriter upon the acceptance hereof by the Successor Agency. This offer is made subject to its acceptance by the Successor Agency by execution of this Bond Purchase Agreement and its delivery to the Underwriter on or before 5:00 P.M., California time, on the date hereof.

The Successor Agency acknowledges and agrees that: (i) the purchase and sale of the above-captioned Bonds (and defined below) pursuant to this Bond Purchase Agreement is an arm's-length commercial transaction between the Successor Agency and the Underwriter; (ii) in connection with such transaction, including the process leading thereto, the Underwriter is acting solely as a principal and not as an agent or a fiduciary of the Successor Agency; (iii) the Underwriter has neither assumed an advisory or fiduciary responsibility in favor of the Successor Agency with respect to the offering of the Bonds or the process leading thereto (whether or not the Underwriter, or any affiliate of the Underwriter, has advised or is currently advising the Successor Agency on other matters) nor has it assumed any other obligation to the Successor Agency except the obligations expressly set forth in this Bond Purchase Agreement; (iv) the Underwriter has financial and other interests that differ from those of the Successor Agency; and (v) the Successor Agency has consulted with its own legal and financial advisors to the extent it deemed appropriate in connection with the offering of the Bonds.

The Successor Agency hereby acknowledges receipt from the Underwriter of disclosures required by the Municipal Securities Rulemaking Board ("MSRB") Rule G-17 (as set forth in MSRB Notice 2012-25 (May 7, 2012), relating to disclosures concerning the Underwriter's role in the transaction, disclosures concerning the Underwriter's compensation, conflict disclosures, if any, and disclosures concerning complex municipal securities financing, if any. The Successor Agency acknowledges that it has engaged Public Financial Management, Inc. (the "Municipal Advisor"), as its municipal advisor (as defined in Securities and Exchange Commission Rule 15Ba1), and for financial advice purposes, will rely only on the advice of the Municipal Advisor.

Capitalized terms used and not otherwise defined in this Bond Purchase Agreement shall have the same meanings given them in that certain Indenture of Trust, dated as of _____ 1, 2016 (the "Indenture"), by and between the Successor Agency and _____, as trustee (the "Trustee"), pursuant to which the Bonds are being issued.

1. *Purchase and Sale; Use of Proceeds.*

(a) Upon the terms and conditions and in reliance upon the representations, warranties and covenants herein, the Successor Agency hereby agrees to sell to the Underwriter and the Underwriter hereby agrees to purchase from the Successor Agency for offering to the public, all (but not less than all) of the (i) $_____ Successor Agency to the Dissolved Redevelopment Agency of the City of Lincoln Tax Allocation Refunding Bonds, Series 2016A (Tax-Exempt) (the "Series A Bonds"), at the purchase price of $_____ (the "Series A Purchase Price") (being the principal amount of the Bonds of $_____, less an Underwriter's discount of $_____, and plus an original issue premium of $_____) and the (ii) $_____ Successor Agency to the Dissolved Redevelopment Agency of the City of Lincoln Tax Allocation Refunding Bonds, Series 2016B (Federally Taxable) (the "Series B Bonds," and together with the Series A Bonds, the "Bonds"), at the purchase price of $_____ (the "Series B Purchase Price," and together with the Series A Purchase Price, the "Purchase Price") (being the principal amount of the Bonds of $_____, less an Underwriter's discount of $_____, and plus an original issue premium of $_____). The Purchase Price will be delivered to the Trustee on behalf of the Successor Agency.

The Purchase Price is to be paid on the Closing Date (as defined in Section 6 below). The Bonds shall be dated the Closing Date, and shall bear interest at the rates, shall mature on the dates and in the principal amounts, all as set forth in the attached Exhibit A.

As an accommodation to the Successor Agency, the Underwriter will pay, from the Purchase Price, the sum of $_____ to _____ (the "Insurer") as the premium for the portion of its municipal bond insurance policy issued for the Bonds (the "Municipal Bond Insurance Policy") and allocable to the Bonds and the sum of $_____ to the Insurer as the premium for the portion of its reserve account municipal bond insurance policy issued for the Bonds (the "Reserve Account Insurance Policy") and allocable to the Bonds. Such amounts shall be credited against the Purchase Price to be remitted by the Underwriter to the Trustee pursuant to the foregoing paragraph.

(b) The Bonds are being issued for the purpose of (a) providing funds to the Successor Agency to refund in whole the following bonds issued by the Lincoln Public Financing Authority for the benefit of the dissolved Redevelopment Agency of the City of Lincoln (the "Former Agency"), (i) the outstanding Lincoln Public Financing Authority Tax Allocation Bonds, Series 2004A (the "Series 2004A Bonds"), originally issued in the principal amount of $8,720,000 and outstanding in the amount of $_____ and Lincoln Public Financing Authority Housing Set-Aside Tax Allocation Revenue Bonds, Series 2004B (the "Series 2004B Bonds," and together with the Series 2004A Bonds, the "Prior Bonds"), originally issued in the principal amount of $2,370,000 and outstanding in the amount of $_____; and (b) purchasing the Reserve Account Insurance Policy for the Bonds, and (c) paying the costs of issuing the Bonds.

The Bonds are special obligations of the Successor Agency, payable from, and secured by a lien on Pledged Tax Revenues.

The payment of principal of and interest on the Series A Bonds maturing on August 1 in the years 20__ through 20__, inclusive (the "Series A Insured Bonds") and on the Series B Bonds maturing on August 1 in the years 20__ through 20__, inclusive (the "Series B Insured Bonds," and together with the Series A Insured Bonds, the "Insured Bonds"), when due, will be insured by the Municipal Bond Insurance Policy issued by the Insurer concurrently with the delivery of the Bonds.

(d) Pursuant to an escrow agreement (the "Escrow Agreement"), by and between the Successor Agency and U.S. Bank National Association, as escrow bank (the "Escrow Bank"), provision will be made for the redemption of the Prior Bonds.

(e) Issuance of the Bonds was authorized by resolutions of the Successor Agency, adopted on _____, 2016, and _____, 2016 (collectively, the "Successor Agency Resolution"), and a resolution of the Oversight Board of the Successor Agency to the Community Redevelopment Agency of the City of Lincoln, adopted on _____, 2016 (the "Oversight Board Resolution").

2. *Bona Fide Public Offering*. The Underwriter agrees to make a bona fide public offering of all of the Bonds, at prices not in excess of the initial public offering yields or prices set forth in Exhibit A. The Bonds may be offered and sold to certain dealers at prices lower than such initial public offering prices.

3. *Official Statement*. The Successor Agency shall deliver or cause to be delivered to the Underwriter promptly after acceptance of this Bond Purchase Agreement copies of the Official Statement relating to the Bonds, dated the date hereof (which, together with all exhibits and appendices included therein or attached thereto and with such amendments or supplements thereto which shall be approved by the Underwriter, the "Official Statement"). The Successor Agency authorizes the Official Statement, including the cover page and Appendices thereto and the information contained therein, to be used in connection with the sale of the Bonds and ratifies, confirms and approves the use and distribution by the Underwriter for such purpose, prior to the date hereof, of the Preliminary Official Statement dated _____, 2016 relating to the Bonds (the "Preliminary Official Statement"). The Successor Agency deems the Preliminary

Official Statement final as of its date for purposes of Rule 15c2-12 under the Securities Exchange Act of 1934, as amended ("Rule 15c2-12"), except for information allowed to be omitted by Rule 15c2-12.

The Successor Agency also agrees to deliver to the Underwriter, at the Successor Agency's sole cost and at such address as the Underwriter shall specify, as many copies of the Official Statement as the Underwriter shall reasonably request as necessary to comply with paragraph (b)(4) of Rule 15c2-12, with Rule G-32 and all other applicable rules of the Municipal Securities Rulemaking Board. At least one copy of the Official Statement shall be in word searchable portable document format (PDF). The Successor Agency agrees to deliver such copies of the Official Statement within seven (7) business days after the date hereof, but in any event no later than the Closing Date. The Official Statement shall contain all information previously permitted to be omitted from the Preliminary Official Statement by Rule 15c2-12.

The Underwriter agrees to deliver or cause to be delivered to each purchaser of the Bonds from it, upon request, a copy of the Official Statement, for the time period required under Rule 15c2-12. The Underwriter also agrees to promptly file a copy of the final Official Statement, including any supplements prepared by the Successor Agency and delivered to the Underwriter, with a nationally recognized municipal securities information repository (currently, the Electronic Municipal Market Access System (referred to as "EMMA"), a facility of the Municipal Securities Rulemaking Board, at www.emma.msrb.org), and to take any and all other actions necessary to comply with applicable Securities and Exchange Commission rules and Municipal Securities Rulemaking Board rules governing the use of the Official Statement in connection with offering, sale and delivery of the Bonds to the ultimate purchasers thereof.

4. *Representations, Warranties and Agreements of the Successor Agency.* The Successor Agency represents and warrants to the Underwriter that, as of the Closing Date:

(a) The Successor Agency is a public entity existing under the laws of the State, including the Dissolution Act, and is authorized, among other things, (i) to issue the Bonds, and (ii) to secure the Bonds in the manner contemplated by the Indenture.

(b) The Successor Agency has the full right, power and authority (i) to enter into the Indenture, the Escrow Agreement, the Continuing Disclosure Certificate, and this Bond Purchase Agreement (collectively, the "Successor Agency Documents"), (ii) to issue, sell and deliver the Bonds to the Underwriter as provided herein, and (iii) to carry out and consummate all other transactions on its part contemplated by each of the aforesaid documents, and the Successor Agency has complied with all provisions of applicable law in all matters relating to such transactions.

(c) The Successor Agency has duly authorized (i) the execution and delivery of the Bonds and the execution, delivery and due performance by the Successor Agency of the Successor Agency Documents, (ii) the distribution and use of the "deemed final" Preliminary Official Statement and the execution, delivery and distribution of the final Official Statement, and (iii) the taking of any and all such action as may be required on the part of the Successor Agency to carry out, give effect to and consummate the

transactions on its part contemplated by such instruments. All consents or approvals necessary to be obtained by the Successor Agency in connection with the foregoing have been received, and the consents or approvals so received are still in full force and effect.

(d) The information contained in the Preliminary Official Statement (excluding therefrom for any information relating to the Insurer, the Municipal Bond Insurance Policy, the Reserve Account Insurance Policy, DTC and its book-entry system included therein and the information therein under the caption "UNDERWRITING") is true and correct in all material respects, and the Preliminary Official Statement did not as of its date contain any untrue or misleading statement of a material fact or omit to state any material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading.

(e) The information contained in the Official Statement (excluding therefrom for any information relating to the Insurer, the Municipal Bond Insurance Policy, the Reserve Account Insurance Policy, DTC and its book-entry system included therein and the information therein under the caption "UNDERWRITING") is true and correct in all material respects, and the Official Statement does not contain any untrue or misleading statement of a material fact or omit to state any material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading.

(f) Neither the execution and delivery by the Successor Agency of the Successor Agency Documents and of the Bonds nor the consummation of the transactions on the part of the Successor Agency contemplated herein or therein or the compliance with the provisions hereof or thereof will conflict with, or constitute on the part of the Successor Agency a violation of, or a breach of or default under, (i) any statute, indenture, mortgage, note or other agreement or instrument to which the Successor Agency is a party or by which it is bound, (ii) any provision of the State Constitution, or (iii) any existing law, rule, regulation, ordinance, judgment, order or decree to which the Successor Agency (or the Board members of the Successor Agency or any of its officers in their respective capacities as such) is subject.

(g) The Successor Agency has never been in default at any time, as to principal of or interest on any obligation which it has issued except as otherwise specifically disclosed in the Official Statement; and the Successor Agency has not entered into any contract or arrangement of any kind which might give rise to any lien or encumbrance on the Tax Revenues (senior to or on a parity with the pledge thereof under the Indenture), except as is specifically disclosed in the Preliminary Official Statement and the Official Statement.

(h) Except as will be specifically disclosed in the Official Statement, there is no action, suit, proceeding, inquiry or investigation, at law or in equity, before or by any court, public board or body, which has been served on the Successor Agency or, to the best knowledge of the Successor Agency, threatened, which in any way questions the powers of the Successor Agency referred to in paragraph (b) above, or the validity of any

proceeding taken by the Successor Agency in connection with the issuance of the Bonds, or wherein an unfavorable decision, ruling or finding could materially adversely affect the transactions contemplated by the Successor Agency Documents, or which, in any way, could adversely affect the validity or enforceability of the Successor Agency Documents or the Bonds or, to the knowledge of the Successor Agency, which in any way questions the exclusion from gross income of the recipients thereof the interest on the Series A Bonds for federal income tax purposes or in any other way questions the status of the Series A Bonds under federal or state tax laws or regulations or which in any way could materially adversely affect the availability of Pledged Tax Revenues to pay the debt service on the Bonds.

(i) Any written certificate signed by any official of the Successor Agency and delivered to the Underwriter in connection with the offer or sale of the Bonds shall be deemed a representation and warranty by the Successor Agency to the Underwriter as to the truth of the statements therein contained.

(j) The Successor Agency has not been notified of any listing or proposed listing by the Internal Revenue Service to the effect that it is a bond issuer whose arbitrage certifications may not be relied upon.

(k) The Successor Agency will furnish such information, execute such instruments and take such other action in cooperation with the Underwriter and at the expense of the Underwriter as the Underwriter may reasonably request in order (i) to qualify the Bonds for offer and sale under the Blue Sky or other securities laws and regulations of such states and other jurisdictions of the United States as the Underwriter may designate and (ii) to determine the eligibility of the Bonds for investment under the laws of such states and other jurisdictions, and will use its best efforts to continue such qualifications in effect so long as required for the distribution of the Bonds; provided, however, that the Successor Agency will not be required to execute a special or general consent to service of process or qualify as a foreign corporation in connection with any such qualification or determination in any jurisdiction.

(l) All authorizations, approvals, licenses, permits, consents, elections, and orders of or filings with any governmental authority, legislative body, board, agency or commission having jurisdiction in the matters which are required by the Closing Date for the due authorization of, which would constitute a condition precedent to or the absence of which would adversely affect the due performance by the Successor Agency of, its obligations under the Indenture and the Escrow Agreement have been duly obtained or made and are in full force and effect.

(m) Between the date of this Bond Purchase Agreement and the Closing Date, the Successor Agency will not offer or issue any bonds, notes or other obligations for borrowed money not previously disclosed in writing to the Underwriter.

(n) The Successor Agency will apply the proceeds of the Bonds in accordance with the Indenture and as described in the Preliminary Official Statement and the Official Statement.

(o) Except as otherwise described in the Official Statement, as of the Closing Date, the Successor Agency will not have outstanding any indebtedness which indebtedness is secured by a lien on the Pledged Tax Revenues on a parity with or senior to the lien provided for in the Indenture on the Pledged Tax Revenues.

(p) Except as described in the Preliminary Official Statement and the Official Statement and based upon a review of their previous undertakings, neither the Former Agency nor the Successor Agency has failed, within the last five years, to comply in all material respects with any undertaking of the Successor Agency or the Former Agency, respectively, pursuant to Rule 15c2-12.

(q) If between the date hereof and the date which is 25 days after the End of the Underwriting Period for the Bonds, an event occurs which would cause the information contained in the Official Statement, as then supplemented or amended, to contain an untrue statement of a material fact or to omit to state a material fact required to be stated therein or necessary to make the information therein, in the light of the circumstances under which it was presented, not misleading, the Successor Agency will notify the Underwriter, and, if in the opinion of the Underwriter or the Successor Agency, or their respective counsel, such event requires the preparation and publication of a supplement or amendment to the Official Statement, the Successor Agency will cooperate in the preparation of an amendment or supplement to the Official Statement in a form and manner approved by the Underwriter, and shall pay all expenses thereby incurred. For the purposes of this subsection, between the date hereof and the date which is 25 days after the End of the Underwriting Period for the Bonds, the Successor Agency will furnish such information with respect to itself as the Underwriter may from time to time reasonably request. As used herein, the term "End of the Underwriting Period" means the later of such time as: (i) the Successor Agency delivers the Bonds to the Underwriter; or (ii) the Underwriter does not retain, directly or as a member of an underwriting syndicate, an unsold balance of the Bonds for sale to the public. Notwithstanding the foregoing, unless the Underwriter gives notice to the contrary, the Successor Agency may assume that the "End of the Underwriting Period" is the Closing Date.

(r) If the information contained in the Official Statement is amended or supplemented pursuant to paragraph (q) hereof, at the time of each supplement or amendment thereto and (unless subsequently again supplemented or amended pursuant to such subparagraph) at all times subsequent thereto up to and including the date which is 25 days after the End of the Underwriting Period for the Bonds, the portions of the Official Statement so supplemented or amended (including any financial and statistical data contained therein) will not contain any untrue statement of a material fact required to be stated therein or necessary to make the information therein in the light of the circumstances under which it was presented, not misleading.

(s) The Oversight Board has duly adopted the Oversight Board Resolution and no further Oversight Board approval or consent is required for the issuance of the Bonds or the consummation of the transactions described in the Official Statement.

(t) The Department of Finance of the State (the "Department of Finance") has issued a letter, dated _____, 2016, approving the issuance of the Bonds. No further Department of Finance approval or consent is required for the issuance of the Bonds or the consummation of the transactions described in the Official Statement. The Successor Agency has received its Finding of Completion from the Department of Finance pursuant to section 34179.7 of the Dissolution Act. Except as disclosed in the Official Statement, the Successor Agency is not aware of the Department of Finance directing or having any basis to direct the County Auditor-Controller to deduct unpaid unencumbered funds from future allocations to the Successor Agency pursuant to Section 34183 of the Dissolution Act.

(u) As of the time of acceptance hereof and as of the Closing Date, the Successor Agency has complied with the filing requirements of the Law, including, without limitation, the filing of all Recognized Obligation Payment Schedules as required by law, as well as sections 33080 to 33080.6 of the Law.

5. *Covenants of the Successor Agency*. The Successor Agency covenants with the Underwriter as of the Closing Date as follows:

(a) The Successor Agency covenants and agrees that it will execute a continuing disclosure certificate, constituting an undertaking to provide ongoing disclosure about the Successor Agency, for the benefit of the owners of the Bonds as required by Section (b)(5)(i) of Rule 15c2-12, substantially in the form attached to the Official Statement (the "Continuing Disclosure Certificate").

(b) The Successor Agency agrees to cooperate with the Underwriter in the preparation of any supplement or amendment to the Official Statement deemed necessary by the Underwriter to comply with the Rule and any applicable rule of the MSRB.

(c) If at any time prior to the Closing Date, any event occurs with respect to the Successor Agency as a result of which the Official Statement, as then amended or supplemented, might include an untrue statement of a material fact, or omit to state any material fact necessary to make the statements therein, in light of the circumstances under which they were made, not misleading, the Successor Agency shall promptly notify the Underwriter in writing of such event. Any information supplied by the Successor Agency for inclusion in any amendments or supplements to the Official Statement will not contain any untrue or misleading statement of a material fact or omit to state any such fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading.

(d) The Successor Agency will not knowingly take or omit to take any action, which action or omission will in any way cause the proceeds from the sale of the Bonds

to be applied in a manner other than as provided in the Indenture or which would cause the interest on the Series A Bonds to be includable in gross income of the owners of the Series A Bonds for federal income tax purposes.

6. *Closing.* On _____, 2016, or at such other date and times as shall have been mutually agreed upon by the Successor Agency and the Underwriter (the "Closing Date"), the Successor Agency will deliver or cause to be delivered the Bonds to the Underwriter, and the Successor Agency shall deliver or cause to be delivered to the Underwriter the certificates, opinions and documents hereinafter mentioned, each of which shall be dated as of the Closing Date. The activities relating to the execution and delivery of the Bonds, opinions and other instruments as described in Section 8 of this Bond Purchase Agreement shall occur on the Closing Date, unless otherwise specified herein. The delivery of the certificates, opinions and documents as described herein shall be made at the offices Orrick, Herrington and Sutcliffe LLP, in Sacramento, California ("Bond Counsel"), or at such other place as shall have been mutually agreed upon by the Successor Agency and the Underwriter. Such delivery is herein called the "Closing."

The Bonds will be prepared and physically delivered to the Trustee on the Closing Date in the form of a separate single fully registered bond for each of the maturities of the Bonds. The Bonds shall be registered in the name of the Cede & Co., as registered owner and nominee for The Depository Trust Company ("DTC"), New York, New York. The Bonds will be authenticated by the Trustee in accordance with the terms and provisions of the Indenture and shall be delivered to DTC prior to the Closing Date as required by DTC to assure delivery of the Bonds on the Closing Date. It is anticipated that CUSIP identification numbers will be printed on the Bonds, but neither the failure to print such number on any Bond nor any error with respect thereto shall constitute cause for a failure or refusal by the Underwriter to accept delivery of and pay for the Bonds in accordance with the terms of this Bond Purchase Agreement.

At or before 8:00 a.m., Pacific Standard time, on the Closing Date, the Successor Agency will deliver, or cause to be delivered, the Bonds to DTC, in definitive form duly executed and authenticated by the Trustee, and the Underwriter will pay the Purchase Price of the Bonds by delivering to the Trustee, for the account of the Successor Agency a wire transfer in federal funds of the Purchase Price payable to the order of the Trustee, less the amounts remitted by the Underwriter to the Insurer as described in the third paragraph of Section 1(a).

7. *Closing Conditions.* The obligations of the Underwriter hereunder shall be subject to the performance by the Successor Agency of its obligations hereunder at or prior to the Closing Date and are also subject to the following conditions:

(a) the representations, warranties and covenants of the Successor Agency contained herein shall be true and correct in all material respects as of the Closing Date;

(b) as of the Closing Date, there shall have been no material adverse change in the financial condition of the Successor Agency since June 30, 2015;

(c) as of the Closing Date, all official action of the Successor Agency relating to this Bond Purchase Agreement, the Continuing Disclosure Certificate, the Escrow Agreement and the Indenture shall be in full force and effect;

(d) as of the Closing Date, the Underwriter shall receive the following certificates, opinions and documents, in each case satisfactory in form and substance to the Underwriter:

(i) a copy of the Indenture, as duly executed and delivered by the Successor Agency and the Trustee;

(ii) a copy of the Continuing Disclosure Certificate, as duly executed and delivered by the Successor Agency;

(iii) a copy of the Escrow Agreement, duly executed and delivered by the Successor Agency and the Escrow Bank;

(iv) an opinion of Bond Counsel, dated the Closing Date and addressed to the Underwriter, in the form attached as Appendix [B] to the Official Statement, accompanied by a letter of Bond Counsel to the effect that such opinion may be relied upon by the Underwriter to the same extent as if such opinion was addressed to it;

(v) a certificate, dated the Closing Date, of the Successor Agency executed by its Executive Director (or other duly appointed officer of the Successor Agency authorized by the Successor Agency by resolution of the Successor Agency) to the effect that (A) there is no action, suit, proceeding or investigation at law or in equity before or by any court, public board or body which has been served on the Successor Agency or, to the knowledge of the Executive Director, threatened against or affecting the Successor Agency to restrain or enjoin the Successor Agency's participation in, or in any way contesting the existence of the Successor Agency or the powers of the Successor Agency with respect to, the transactions contemplated by the Escrow Agreement, this Bond Purchase Agreement, the Continuing Disclosure Certificate or the Indenture, and consummation of such transactions; (B) the representations and warranties of the Successor Agency contained in this Bond Purchase Agreement are true and correct in all material respects, and the Successor Agency has complied with all agreements and covenants and satisfied all conditions to be satisfied at or prior to the Closing Date as contemplated by the Indenture and this Bond Purchase Agreement; (C) no event affecting the Successor Agency has occurred since the date of the Official Statement which has not been disclosed therein or in any supplement or amendment thereto which event should be disclosed in the Official Statement in order to make the statements therein, in the light of the circumstances under which they were made, not misleading; and (D) no further consent is required to be obtained for the inclusion of the Audited Financial

Statements of the City of Lincoln for the Fiscal Year End June 30, 2015, as Appendix [E] to the Official Statement;

(vi) an opinion of the City Attorney, as counsel to the Successor Agency, dated the Closing Date and addressed to the Successor Agency and the Underwriter to the effect that:

(A) the Successor Agency is a public body, duly organized and existing under the laws of the State;

(B) the Successor Agency has full legal power and lawful authority to enter into the Indenture, the Escrow Agreement, the Continuing Disclosure Certificate and this Bond Purchase Agreement;

(C) the Successor Agency Resolutions have been duly adopted at meetings of the governing board of the Successor Agency, which were called and held pursuant to the law and with all public notice required by law and at each of which a quorum was present and acting throughout and the Successor Agency Resolutions are in full force and effect and have not been modified, amended or rescinded;

(D) the Indenture, the Escrow Agreement, the Continuing Disclosure Certificate and this Bond Purchase Agreement have been duly authorized, executed and delivered by the Successor Agency and, assuming due authorization, execution and delivery by the other respective parties thereto, constitute valid, legal and binding agreements of the Successor Agency enforceable against the Successor Agency in accordance with their terms except as enforcement thereof may be limited by bankruptcy, insolvency or other laws affecting the enforcement of creditors' rights generally and by the application of equitable principles, if equitable remedies are sought;

(E) The information in the Official Statement under the captions ["SECURITY FOR THE BONDS," "THE SUCCESSOR AGENCY TO THE DISSOLVED REDEVELOPMENT AGENCY OF THE CITY OF LINCOLN" and "THE REDEVELOPMENT PROJECTS,"] insofar as such statements purport to summarize information with respect to the Successor Agency and its tax sharing agreements, fairly and accurately summarizes the information presented therein;

(F) Except as otherwise disclosed in the Official Statement, there is no litigation, action, suit, proceeding or investigation at law or in equity before or by any court, governmental agency or body, pending by way of a summons served against the Successor Agency or, to such counsel's knowledge, threatened against the Successor Agency (nor to such counsel's knowledge is there any basis therefore), challenging the

creation, organization or existence of the Successor Agency, or the validity of the Indenture, the Escrow Agreement, the Continuing Disclosure Certificate or this Bond Purchase Agreement or seeking to restrain or enjoin any of the transactions referred to therein or contemplated hereby or thereby or contesting the authority of the Successor Agency to enter into or perform its obligations under the Indenture, the Escrow Agreement, the Continuing Disclosure Certificate or this Bond Purchase Agreement, or under which a determination adverse to the Successor Agency would have a material adverse effect upon the availability of Pledged Tax Revenues to pay the debt service on the Bonds, or which, in any manner, questions the right of the Successor Agency to enter into, and perform its obligations under, the Indenture, the Escrow Agreement, the Continuing Disclosure Certificate or this Bond Purchase Agreement;

(G) To the best of such counsel's knowledge, the information contained in the Preliminary Official Statement (excluding therefrom for any information relating to the Insurer, the Municipal Bond Insurance Policy, the Reserve Account Insurance Policy and DTC and its book-entry system included therein and the information therein, under the caption "UNDERWRITING") is true and correct in all material respects, and the Preliminary Official Statement did not as of its date contain any untrue or misleading statement of a material fact or omit to state any material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading; and

(H) To the best of such counsel's knowledge, the information contained in the Official Statement (excluding therefrom for any information relating to the Insurer, the Municipal Bond Insurance Policy, the Reserve Account Insurance Policy, and DTC and its book-entry system included therein, and the information therein under the caption "UNDERWRITING") is true and correct in all material respects, and the Official Statement does not contain any untrue or misleading statement of a material fact or omit to state any material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading;

(vii) an opinion of counsel to the Trustee, dated the Closing Date and addressed to the Successor Agency and the Underwriter, to the effect that:

(A) The Trustee is a national banking association organized and existing under the laws of the United States of America, having full power to enter into, accept and administer the trust created under the Indenture;

(B) The Indenture has been duly authorized, executed and delivered by the Trustee and the Indenture constitutes a legal, valid and

binding obligation of the Trustee enforceable in accordance with its terms, except as enforcement thereof may be limited by bankruptcy, insolvency or other laws affecting the enforcement of creditors' rights generally and by the application of equitable principles, if equitable remedies are sought; and

(C) No consent, approval, authorization or other action by any governmental or regulatory authority having jurisdiction over the Trustee that has not been obtained is or will be required for the execution and delivery by the Trustee of the Indenture or the consummation of the transactions on the part of the Trustee contemplated by the Indenture;

(viii) an opinion of counsel to the Escrow Bank, dated the Closing Date and addressed to the Successor Agency and the Underwriter, to the effect that:

(A) The Escrow Bank is a national banking association organized and existing under the laws of the United States of America, having full power to enter into, accept and administer its obligations created under the Escrow Agreement;

(B) The Escrow Agreement have been duly authorized, executed and delivered by the Escrow Bank and the Escrow Agreement constitute legal, valid and binding obligations of the Escrow Bank enforceable in accordance with their respective terms, except as enforcement thereof may be limited by bankruptcy, insolvency or other laws affecting the enforcement of creditors' rights generally and by the application of equitable principles, if equitable remedies are sought; and

(C) No consent, approval, authorization or other action by any governmental or regulatory authority having jurisdiction over the Escrow Bank that has not been obtained is or will be required for the execution and delivery by the Escrow Bank of the Escrow Agreement or the consummation of the transactions on the part of the Escrow Bank contemplated by the Escrow Agreement;

(ix) a certificate, dated the Closing Date, of the Trustee, signed by a duly authorized officer of the Trustee, to the effect that (A) the Trustee is duly organized and validly existing as a national banking association, with full corporate power to undertake the obligations of the Indenture; (B) the Trustee has duly authorized, executed and delivered the Indenture and by all proper corporate action has authorized the acceptance of the trust of the Indenture; and (C) there is no action, suit, proceeding or investigation at law or in equity before or by any court, public board or body which has been served on the Trustee (either in state or federal courts), or to the knowledge of the Trustee threatened against the Trustee which would restrain or enjoin the execution or delivery of the Indenture, or which would affect the validity or enforceability of the Indenture, or the

Trustee's participation in, or in any way contesting the powers or the authority of the Trustee with respect to, the transactions contemplated by the Indenture, or any other agreement, document or certificate related to such transactions;

(x) a certificate, dated the Closing Date, of the Escrow Bank, signed by a duly authorized officer of the Escrow Bank, to the effect that (A) the Escrow Bank is duly organized and validly existing as a national banking association, with full corporate power to undertake of its obligations under the Escrow Agreement; (B) the Escrow Bank has duly authorized, executed and delivered the Escrow Agreement and by all proper corporate action has authorized the acceptance of the obligations of the Escrow Bank under the Escrow Agreement; and (C) there is no action, suit, proceeding or investigation at law or in equity before or by any court, public board or body which has been served on the Escrow Bank (either in state or federal courts), or to the knowledge of the Escrow Bank threatened against the Escrow Bank which would restrain or enjoin the execution or delivery of the Escrow Agreement, or which would affect the validity or enforceability of the Escrow Agreement or the Escrow Bank's participation in, or in any way contesting the powers or the authority of the Escrow Bank with respect to, the transactions contemplated by the Escrow Agreement, or any other agreement, document or certificate related to such transactions;

(xi) A supplemental opinion of Bond Counsel addressed to the Underwriter, in substantially the form attached hereto as Exhibit B, which shall include a statement that the opinion referenced in Section 7(d)(4) may be relied upon by the Underwriter to the same extent as if such opinion was addressed to them.

(xii) the opinion of Underwriter's counsel satisfactory to Underwriter;

(xiii) a Tax Certificate in the form satisfactory to Bond Counsel;

(xiv) the final Official Statement executed by an authorized officer of the Successor Agency;

(xv) certified copies of the Successor Agency Resolutions and the Oversight Board Resolutions;

(xvi) specimen Bonds;

(xvii) evidence that the federal tax information form 8038-G with respect to the Series A Bonds has been prepared by Bond Counsel for filing;

(xviii) a verification report of _____, as to the sufficiency to pay in full the redemption price of the Prior Bonds of the moneys in the escrow funds created under the Escrow Agreement;

(xix) a copy of the Municipal Bond Insurance Policy;

(xx) a copy of the Reserve Account Insurance Policy;

(xxi) an opinion of counsel to the Insurer, addressed to the Successor Agency and the Underwriter to the effect that:

(A) the descriptions of the Insurer, the Municipal Bond Insurance Policy and the Reserve Account Insurance Policy included in the Official Statement are accurate;

(B) the Municipal Bond Insurance Policy and the Reserve Account Insurance Policy constitute legal, valid and binding obligations of the Insurer, enforceable in accordance with their respective terms, except as the enforcement thereof may be limited by bankruptcy, insolvency, reorganization, moratorium or similar laws or equitable principles relating to or limiting creditor's rights generally and by the application of equitable principles if equitable remedies are sought, and

(C) as to such other matters as the Successor Agency or the Underwriter may reasonably request;

(xxii) a certificate of the Insurer, signed by an authorized officer of the Insurer, to the effect that:

(A) the information contained in the Official Statement relating to the Insurer, the Municipal Bond Insurance Policy and the Reserve Account Insurance Policy is true and accurate and

(B) as to such other matters as the Successor Agency or the Underwriter may reasonably request;

(xxiii) satisfactory evidence that the Bonds have been assigned the ratings as set forth in the Official Statement;

(xxiv) a certificate of an officer of _____ (the "Fiscal Consultant"), dated the Closing Date, addressed to the Successor Agency and the Underwriter, to the effect that, to the best of its knowledge, the assessed valuations and other fiscal information contained in the Official Statement, including such firm's Fiscal Consultant's Report attached thereto as Appendix [G], are presented fairly and accurately, and consenting to the use of their report as APPENDIX [G] to the Preliminary Official Statement and the Official Statement;

(xxv) evidence of required filings with the California Debt and Investment Advisory Commission;

(xxvi) a defeasance opinion of Bond Counsel with respect to the Prior Bonds, dated the Closing Date and addressed to the Trustee, the Insurer and the Underwriter, in form and substance satisfactory to the Underwriter; and

(xxvii) such additional legal opinions, certificates, instruments and other documents as the Underwriter may reasonably deem necessary to evidence the truth and accuracy as of the time of the Closing Date of the representations and warranties of the Successor Agency contained in this Bond Purchase Agreement and the due performance or satisfaction by the Successor Agency at or prior to such time of all agreements then to be performed and all conditions then to be satisfied by the Successor Agency pursuant to this Bond Purchase Agreement.

8. *Termination.* The Underwriter shall have the right to cancel its obligations to purchase the Bonds if between the date hereof and the Closing Date:

(a) a decision with respect to legislation shall be reached by a committee of the House of Representatives or the Senate of the Congress of the United States, or legislation shall be favorably reported by such a committee or be introduced, by amendment or otherwise, in or be passed by the House of Representatives or the Senate, or recommended to the Congress of the United States for passage by the President of the United States, or be enacted or a decision by a federal court of the United States or the United States Tax Court shall have been rendered, or a ruling, release, order, regulation or offering circular by or on behalf of the United States Treasury Department, the Internal Revenue Service or other governmental agency shall have been made or proposed to be made having the purpose or effect, or any other action or event shall have occurred which has the purpose or effect, directly or indirectly, of adversely affecting the federal income tax consequences of owning the Series A Bonds, including causing interest on the Series A Bonds to be included in gross income of the owners of the Series A Bonds for purposes of federal income taxation, or imposing federal income taxation upon revenues or other income of the general character to be derived by the Successor Agency or by any similar body under the Indenture or similar documents or upon interest received on obligations of the general character of the Bonds which, in the reasonable opinion of the Underwriter, materially adversely affects the market price of or market for the Bonds or the ability of the Underwriter to enforce contracts for the sale of the Bonds; or

(b) legislation shall have been enacted, or considered for enactment with an effective date prior to the Closing Date, or a decision by a court of the United States shall have been rendered, the effect of which is that of the Bonds, including any underlying obligations, or the Indenture, as the case may be, are not exempt from the registration, qualification or other requirements of the Securities Act of 1933, as amended and as then in effect, the Securities Exchange Act of 1934, as amended and as then in effect, or the Trust Indenture Act of 1939, as amended and as then in effect; or

(c) a stop order, ruling, regulation or offering circular by the Securities and Exchange Commission or any other governmental agency having jurisdiction of the subject matter shall have been issued or made or any other event occurs, the effect of

which is that the issuance, offering or sale of the Bonds, including any underlying obligations, or the delivery or performance of the Indenture, the Escrow Agreement or the Continuing Disclosure Certificate, as contemplated hereby or by the Official Statement, is or would be in violation of any provisions of the federal securities laws, including the Securities Act of 1933, as amended and as then in effect, the Securities Exchange Act of 1934, as amended and as then in effect, or the Trust Indenture Act of 1939, as amended and as then in effect; or

(d) any event shall have occurred or any information shall have become known to the Underwriter which causes the Underwriter to reasonably believe that the Official Statement as then amended or supplemented includes an untrue statement of a material fact, or omits to state any material fact necessary to make the statements therein, in light of the circumstances under which they were made, not misleading; or

(e) there shall have occurred any outbreak or escalation of hostilities or any national or international calamity or crisis, including a financial crisis, the effect of which on the financial markets of the United States is such as, in the reasonable judgment of the Underwriter, would materially adversely affect the market for or market price of the Bonds or the ability of the Underwriter to enforce contracts for the sale of the Bonds; or

(f) there shall be in force a general suspension of trading on the New York Stock Exchange, the effect of which on the financial markets of the United States is such as, in the reasonable judgment of the Underwriter, would materially adversely affect the market for or market price of the Bonds or the ability of the Underwriter to enforce contracts for the sale of the Bonds; or

(g) a general banking moratorium shall have been declared by federal, New York or California authorities; or

(h) any proceeding shall be pending or threatened by the Securities and Exchange Commission against the Successor Agency or the Former Agency; or

(i) additional material restrictions not in force as of the date hereof shall have been imposed upon trading in securities generally by any governmental authority or by any national securities exchange; or

(j) the New York Stock Exchange or other national securities exchange, or any governmental or regulatory authority, shall impose, as to the Bonds or obligations of the general character of the Bonds, any material restrictions not now in force, or increase materially those now in force, with respect to the extension of credit by, or the charge to the net capital requirements of the Underwriter; or

(k) there shall exist any event which in the reasonable opinion of the Underwriter that either: (i) makes untrue or incorrect in any material respect any statement or information contained in the Official Statement; or (ii) is not reflected in the Official

Statement but should be reflected therein to make the statements and information contained therein not misleading in any material respect; or

(l) there shall have occurred or any notice shall have been given of any intended downgrade, suspension, withdrawal or negative change in credit watch status by any national credit agency of the Insurer; or

(m) a material disruption in securities settlement, payment or clearance services affecting the Bonds shall have occurred; or

(n) any rating of the Bonds shall have been downgraded, suspended or withdrawn or placed on negative outlook or negative watch by a national rating service, which, in the Underwriter's reasonable opinion, materially adversely affects the marketability or market price of the Bonds or the ability of the Underwriter to enforce contracts for the sale of the Bonds.

9. *Contingency of Obligations.* The obligations of the Successor Agency hereunder are subject to the performance by the Underwriter of its obligations hereunder.

10. *Duration of Representations, Warranties, Agreements and Covenants.* All representations, warranties, agreements and covenants of the Successor Agency shall remain operative and in full force and effect, regardless of any investigations made by or on behalf of the Underwriter or the Successor Agency and shall survive the Closing Date.

11. *Expenses*. (a) The Successor Agency will pay or cause to be paid all reasonable expenses incident to the performance of its obligations under this Bond Purchase Agreement, including, but not limited to, execution and delivery of the Bonds, costs of printing the Bonds, printing, distribution and delivery of the Preliminary Official Statement, the Official Statement and any amendment or supplement thereto, the fees and disbursements of Bond Counsel, Disclosure Counsel, and counsel to the Successor Agency, the fees and expenses of the Successor Agency's accountants, fees of the Successor Agency's municipal advisor, fees of the Fiscal Consultant, any fees charged by rating agencies for the rating of the Bonds and fees of the Trustee and the Escrow Bank. In the event this Bond Purchase Agreement shall terminate because of the default of the Underwriter, the Successor Agency will, nevertheless, pay, or cause to be paid, all of the expenses specified above.

(b) The Underwriter shall pay the fees and expenses of any counsel retained by it, all advertising expenses incurred in connection with the public offering of the Bonds, fees of the California Debt and Investment Advisory Commission, CUSIP fees and all other expenses incurred by it in connection with the public offering and distribution of the Bonds (including out-of-pocket expenses and related regulatory expenses).

12. *Notices.* Any notice or other communication to be given to the Successor Agency under this Bond Purchase Agreement may be given by delivering the same in writing to the Executive Director, Successor Agency to the Dissolved Redevelopment Agency of the City of Lincoln, 600 6th Street, Lincoln, CA 95648, and any notice or other communication to be given

to the Underwriter under this Bond Purchase Agreement may be given by delivering the same in writing to Piper Jaffray & Co., 2321 Rosecrans Ave., Suite 3200, El Segundo, California 90245, Attention: Dennis McGuire.

13. *Parties in Interest.* This Bond Purchase Agreement is made solely for the benefit of the Successor Agency and the Underwriter (including the successors or assigns of the Underwriter) and no other person, including any purchaser of the Bonds, shall acquire or have any right hereunder or by virtue hereof.

14. *Governing Law.* This Bond Purchase Agreement shall be governed by and construed in accordance with the laws of the State of California applicable to contracts made and performed in California.

15. *Headings.* The headings of the paragraphs of this Bond Purchase Agreement are inserted for convenience of reference only and shall not be deemed to be a part hereof.

16. *Severability*. In case any one or more of the provisions contained herein shall for any reason be held to be invalid, illegal or unenforceable in any respect, such invalidity, illegality or unenforceability shall not affect any other provision hereof.

17. *Effectiveness.* This Bond Purchase Agreement shall become effective upon its acceptance hereof by the Successor Agency.

18. *Counterparts.* This Bond Purchase Agreement may be executed in several counterparts which together shall constitute one and the same instrument.

Very truly yours,

PIPER JAFFRAY & CO., as Underwriter

By _____
Managing Director

Accepted and agreed to as of
the date first above written:

SUCCESSOR AGENCY TO THE
DISSOLVED REDEVELOPMENT AGENCY
OF THE CITY OF LINCOLN

By _____
Authorized Representative

Date of Execution: _____

Time of Execution: _____

EXHIBIT A TO THE
BOND PURCHASE AGREEMENT

$_____
SUCCESSOR AGENCY TO THE DISSOLVED REDEVELOPMENT AGENCY OF THE CITY OF LINCOLN
TAX ALLOCATION REFUNDING BONDS,
SERIES 2016A (TAX-EXEMPT)

MATURITY SCHEDULE

Maturity (August 1)	Principal Amount	Interest Rate	Yield	Price
2017				
2018				
2019				
2020				
2021				
2022				
2023				
2024				
2025				
2026				
2027				
2028				
2029				
2030				
2031				
2032				
2033				
2034				
2035				
2036				

* Insured Bond.
[C] Priced to the August 1, 20__ par call date.

$_____

SUCCESSOR AGENCY TO THE DISSOLVED REDEVELOPMENT AGENCY OF THE CITY OF LINCOLN
TAX ALLOCATION REFUNDING BONDS,
SERIES 2016B (FEDERALLY TAXABLE)

MATURITY SCHEDULE

Maturity (August 1)	Principal Amount	Interest Rate	Yield	Price
2017				
2018				
2019				
2020				
2021				
2022				
2023				
2024				
2025				
2026				
2027				
2028				
2029				
2030				
2031				
2032				
2033				
2034				
2035				
2036				

* Insured Bond.
[C] Priced to the August 1, 20__ par call date.

EXHIBIT B
FORM OF SUPPLEMENTAL OPINION OF BOND COUNSEL